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▶ **Extending  
social protection to  
rural populations:  
Perspectives for a common  
FAO and ILO approach**



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First published 2021

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ILO and FAO. 2021. *Extending social protection to rural populations: Perspectives for a common FAO and ILO approach*. Geneva. <https://doi.org/10.4060/cb2332en>

ILO ISBN 978-92-2-033645-8 (web PDF)

FAO ISBN 978-92-5-133678-6 (print and online)

Also available in French: *Etendre la protection sociale aux populations rurales: Perspectives pour une approche commune entre la FAO et l'OIT*, ILO ISBN 978-92-2-033892-6 (web PDF), FAO ISBN 978-92-5-133773-8, and Spanish: *Extender la protección social a las poblaciones rurales: Perspectivas para un enfoque común de la FAO y la OIT*, ILO ISBN 978-92-2-033893-3 (web PDF), FAO ISBN 978-92-5-133783-7

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Cover photo: ©FAO/Sergey Kazmin

This publication was produced by the Document and Publications Production, Printing and Distribution Branch (PRODOC) of the ILO.

*Graphic and typographic design, layout and composition, printing, electronic publishing and distribution.*

PRODOC endeavours to use paper sourced from forests managed in an environmentally sustainable and socially responsible manner.

Code: CHD-REPRO-DISTR



## Acknowledgements

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The preparation of this document was led by FAO and ILO's Social Protection Teams under the guidance of Benjamin Davis (FAO) and Shahra Razavi (ILO).

Main authors of the report are: Mira Bierbaum (ILO), Ana Ocampo (FAO), Christina Behrendt (ILO), Kroum Markov (ILO), and Qiushi Yue (FAO) with substantial contributions from Elisenda Estruch Puertas (ILO) and Quynh Anh Nguyen (ILO). This paper received guidance and invaluable inputs from: Natalia Winder Rossi, Alejandro Grinspun, Cristina Rapone, Ana Paula de la O Campos, Mari Kangasniemi and Niclas Benni (all FAO<sup>1</sup>) and Ursula Kulke, Joaquim Pintado Nunes and Hiroshi Yamabana. Victoria Giroud-Castiella (ILO) and Christine Legault (FAO) provided indispensable support for the publication of this report.

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## Introduction

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Currently about half of the world's population – and more than three quarters of the world's poor population – live in rural areas. Inequalities between urban and rural areas remain significant (ILO 2020e). The share of rural inhabitants in developing countries who live in extreme poverty (defined as living on less than \$1.9 per day) is almost three times higher than in urban areas (Castañeda et al. 2018). While the share of agriculture in most national economies is not predominant, it still represents an important source of livelihoods for one third of the world's population (FAO 2013) and about three quarters of the rural population living in extreme poverty (Castañeda et al. 2018), making it a critical sector for poverty reduction (Christiaensen, Demery and Kuhl 2011).

However, agriculture is also associated with high levels of labour market informality and higher exposure to risks of all nature. Rural populations face higher risks of poverty, including working poverty, malnutrition and hunger, poor health, work-related injuries, natural disasters and climate change, as well as social risks such as child labour and social marginalization, among others (Allieu and Ocampo 2019). With low and irregular incomes and a lack of social support, many rural inhabitants are spurred to continue working when sick, often in unsafe conditions, thus exposing themselves and their families to additional risks. Further, when experiencing income losses, they may resort to harmful coping strategies, such as the distress sale of assets, taking on predatory loans or engaging in child labour.

Social protection is a key policy tool to address poverty and vulnerability, promote decent work and inclusive economic growth and increase resilience to shocks. The Inter-agency Social Protection Assessments (ISPA) initiative, which gathers specialized agencies in the field of social protection (including the International Labour Organization (ILO) and the Food and Agriculture Organization of the United Nations (FAO)) defines social protection as “the set of policies and programs aimed at preventing or protecting all people against poverty, vulnerability, and social exclusion throughout their lifecycles, with a particular emphasis towards vulnerable groups. Social protection can be provided in cash or in-kind, through non-contributory schemes, providing universal, categorical, or poverty-targeted benefits such as social assistance, contributory schemes with social insurance being the most common form, and by building human capital, productive assets, and access to jobs” (ISPA n.d., see also Annex A). The present paper addresses both contributory and non-contributory social protection schemes and programmes.

Social protection is a fundamental human right. The right to social security is enshrined in several human rights instruments, including the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, other international and regional human rights treaties, as well as international social security standards, such as the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102), and the Social Protection Floors Recommendation, 2012 (No. 202).

Evidence suggests that social protection can help realize other economic, social and cultural rights, including the right to adequate food, clothing and housing and the rights to education and health, all of which are essential to the realization of human dignity (Sepúlveda and Nyst 2012; Morlachetti 2016). Moreover, beyond its explicit inclusion in the goal of ending poverty in all its forms under Sustainable Development Goal (SDG) target 1.3, the role of social protection is also recognized in the realization of other SDGs, in particular ending hunger (target 2.1), achieving universal health coverage (target 3.8), achieving gender equality (target 5.4), promoting decent work and economic growth (target 8.5), reducing inequalities (target 10.4) and promoting peace, justice and strong institutions (target 16.6).

Despite this strong moral and economic imperative, access to comprehensive social protection is still not a reality for more than 70 per cent of the world's population, of whom a disproportionate number live in rural areas. Health coverage, for example, is substantially lower for rural populations, with 56 per cent of the population excluded compared to 22 per cent of the urban population (ILO 2017). The COVID-19 pandemic has exposed these large and persistent gaps in coverage, comprehensiveness and adequacy of social protection, as well as severe underinvestment in public health systems (ILO 2020h; 2020f). The adverse socio-economic impacts of the pandemic have seriously jeopardized the achievements of recent decades in the fight against poverty and hunger. COVID-19 could plunge an additional 100 million people into poverty and 83 to 132 million people into undernourishment in 2020 alone (FAO et al. 2020; World Bank 2020), accelerating the trend of rising numbers of undernourished people that was already observed between 2015 (804 million) and 2017 (821 million) (FAO 2018). The 2020 Global Report on Food Crises estimates that 135 million people worldwide were acutely food-insecure in 2019 (Global Network Against Food Crises and Food Security Information Network 2020).

Furthermore, while progress has certainly been made – global poverty rates fell to an all-time low of 10 per cent in 2015 – the incidence of poverty (measured as living on less than US\$1.9 per day) has remained persistently high in low-income and conflict-affected countries (World Bank 2018). This situation has been compounded by the disruptions caused by the pandemic, which could push 71 million more people into extreme poverty in 2020 (World Bank 2020). Working hour losses, reflected by higher levels of unemployment and inactivity, have translated into significant losses in labour income. Compared to the corresponding period in 2019, estimates suggest a global decline of more than 10 per cent in labour income during the first three quarters of 2020 (ILO 2020b).

COVID-19 has shown that the importance of social protection for protecting lives and livelihoods is more critical than ever, as confirmed by the surge of government measures following the outbreak of the pandemic. Since February 2020, virtually all countries and territories in the world have adopted or announced a total of nearly 1,600 social protection measures in response to the COVID-19 crisis. Measures included one-off or regular cash transfers through existing or new programmes, increasing the adequacy of benefit levels, extending social insurance benefits (including sickness and unemployment benefits) and adapting registration and delivery mechanisms to enhance safe and effective provision.<sup>2</sup>

This dramatic increase of social protection measures is a step in the right direction to cushion, even if only partially, the adverse socio-economic impacts of the COVID-19 pandemic. Yet most of the measures that have been put in place are temporary, some of them have already been phased out and gaps in coverage remain. To address the crisis in a more effective and lasting way and increase resilience, more permanent solutions are necessary to reinforce social protection systems, particularly with respect to ensuring universal access to adequate social protection for all, including rural populations. It is therefore essential to accelerate efforts to extend social protection to all by building on the current political momentum, as well as previous experiences and lessons learned (ILO 2020c; FAO 2020).

In the last few decades, prior to the COVID-19 crisis, remarkable progress was made in extending the coverage of social protection in developing countries, providing good practices and lessons learned upon which to build the next steps for achieving universal coverage. This publication builds on the unique know-how of FAO in profiling the needs of rural populations and assisting in the design of dedicated and coherent policies and programmes, including social protection, to address them, together with the expertise of the ILO in supporting

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<sup>2</sup> Social protection stakeholders have been monitoring the social protection response, analysing trends and gaps and formulating recommendations. See, for example, FAO 2020c; 2020a; ILO 2020g; 2020f; 2020e; 2020d; 2020a; Gentilini et al. 2020.

countries to establish and maintain social protection systems, including floors, for promoting decent work in the rural economy and to facilitate the transition from the informal to the formal economy. Capitalizing on this combined knowledge and creating synergies will be key to accelerating progress towards achieving the SDGs by 2030 and ensuring that no one is left behind, in particular towards ending poverty (SDG 1), ending hunger (SDG 2) and ensuring healthy lives and well-being (SDG 3).

Section 1 discusses bottlenecks and barriers that hinder the extension of social protection in rural areas. It also acknowledges the heterogeneity of rural populations in terms of income-generating activities, employment status or land tenure and aims to identify specific barriers, as well as factors that often intersect and compound access to social protection. Section 2 builds on that analysis and presents approaches and country examples for tackling the barriers identified. Section 3 distils some key lessons learned and outlines a joint FAO and ILO approach to extending social protection to rural populations.



# Section 1





## Section 1: Taking stock of the specificities of rural populations and resulting barriers to extending social protection<sup>3</sup>

Although people living in rural areas are generally exposed to the same life cycle risks and contingencies as those living in urban areas, they also engage in livelihoods and income-generating strategies that tend to be more risk-prone, for instance to natural and environmental risks (such as floods, droughts or land degradation), resulting in additional vulnerabilities. Furthermore, shared residence in rural areas should not hide the heterogeneity of rural populations both within and across rural areas, such as regarding their occupation, employment status or income levels. Their demographic profiles also vary greatly. In some parts of the world, especially in Europe, parts of Asia and increasingly Latin America, migration and demographic transition are resulting in depopulation and the ageing of rural areas. In other regions, population growth is relatively higher in rural areas, which can result in detrimental economic, social and environmental effects. Given this diversity, the potential direct and indirect as well as supply- and demand-side barriers that hinder access to social protection may vary. An in-depth understanding of them is therefore critical to effectively extending the coverage, comprehensiveness and adequacy of social protection systems (Allieu and Ocampo 2019).

The present section discusses the specificities of rural populations (box 1) and outlines existing barriers. This provides the framework for complementary national and local-level analysis to better identify more specific roadblocks to universal coverage.

### ► Box 1: The commonalities and specificities of rural populations

Effective strategies to extend social protection to rural populations hinge on a clear understanding of the factors that can hinder access, since rural livelihoods are often varied and vulnerabilities overlap and intersect. The characteristics set out below should therefore be understood as a matrix for showing how potential barriers that affect access to social protection may intersect and accumulate. For example, poor rural women who work on their family land and are also engaged in petty trade will face poverty, remoteness, lack of access to services and information and informality, which together constitute overlapping barriers to accessing social protection benefits.

#### **Broader characteristics of rural populations and rural workers that influence social protection coverage**

A common feature in rural areas is the remoteness of the place of work and residence, which may hinder access to a wide range of services, including schools, health centres and vocational and training services, as well as social protection. Poverty is often pervasive – the level of earnings in rural areas is generally lower than in urban areas.

**► Box 1: The commonalities and specificities of rural populations (continued)**

The organization of work is complex and workers often engage in a diverse portfolio of activities. Distinctions between wage employment and self-employment and between agricultural and non-agricultural work may be blurred. Many rural workers work in forms of employment that are often less protected than others, including temporary employment (seasonal, casual employment), part-time employment and self-employment and many of them also combine different forms of employment (ILO 2019c). Furthermore, some rural workers are paid only partly in cash and partly also in kind (such as housing). Rural populations are more exposed to health-related risks because they have less access to health facilities, less access to adequate infrastructure, including water and sanitation services, and more exposure to work-related injuries and diseases. More generally, rural populations, especially women, are more exposed to risks of all kinds, calling for adapted and risk-informed schemes and benefits.

**Agricultural workers**

The predominance of the agricultural sector in many or most rural areas, especially for the subsistence of rural populations living in poverty, actually reflects a variety of situations and issues. Agricultural subsectors – cropping, livestock, fisheries and aquaculture and forestry – are diverse and have their specific idiosyncrasies, in particular regarding the type of risks associated with them, access to services and seasonality. The agricultural sector is one of the most hazardous sectors in terms of fatalities, injuries and work-related ill-health (ILO n.d.). Seasonality is a critical factor for all workers in the agricultural sector, regardless of their employment status. It leads to irregular incomes and seasonal unemployment or underemployment. Households may need to rely on the income of a few months for the entire year, which renders sickness or incapacity during the peak season even more harmful in terms of income foregone or seeds for the next season lost. In addition to seasonality, covariate shocks at the level of communities, such as droughts, floods, insects or livestock epidemic outbreaks, may lead to loss of crops and livestock and threaten livelihoods. Legal regimes of land tenure are important factors as well, because farmers who do not own their land often face precarious land tenure arrangements. Agricultural work also presents diversity with respect to wage employment or self-employment. The most common denominator of agricultural work is its pervasive informality, which is one of the major barriers against accessing social protection for non-poor workers. Very often, agricultural workers or producers who are not poor are part of the so-called missing or invisible middle, who are uncovered by any type of social protection and therefore vulnerable to the devastating impact of any kind of shock.

Women who work in the agricultural sector are particularly vulnerable. Their work is often unremunerated or undervalued and they have limited access to productive resources, in particular land. All these factors limit or undermine their ability to access social protection, while at the same time exacerbating their coverage needs. In addition, more than 70 per cent of child labour – 108 million boys and girls worldwide – are found in agricultural sectors, including fisheries and aquaculture, forestry, livestock and crop farming.



### ► Box 1: The commonalities and specificities of rural populations (continued)

#### Workers in rural areas outside the agricultural sector

The agri-food sector is predominant in rural areas. Many rural workers adopt multiple income-generating strategies and very commonly engage in agricultural and non-agricultural work, both within and outside the agri-food system. Rural non-farm employment represents a significant source of rural households' income and about one fifth to one half of total employment in rural areas (Lanjouw and Lanjouw 2001). Non-farm rural wage employment is dominated by men, while women tend to be self-employed in low-skilled, low-productivity jobs (ILO 2018b). Women and girls provide the bulk of the unremunerated labour in the care economy in urban and rural areas alike (UN Women 2020). Despite their considerable contribution to the economy as a whole, their labour is unquantified and very often their access to social protection is insufficient.

However, non-agricultural formal wage employment is also usually linked with higher earnings. In particular, it offers better chances of being included in social protection systems, in particular through access to contributory schemes.

#### Informal workers

The term "informal economy" refers to all economic activities by workers and economic units that are not covered by formal arrangements or insufficiently so, either in law or in practice. From a job-based viewpoint, informal employment includes the categories of self-employed (self-employed with hired workers) and own-account workers (self-employed without hired workers) if their enterprise is classified as informal. It also includes all contributing family workers, irrespective of whether the enterprise in which they are working is informal or not, and employees whose employment relationship is not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits (ILO 2019c).

#### Migrants

There are many interlinkages between migration, agriculture and rural transformation as a whole. Migrants play a critical role in agri-food systems because seasonal, internal or international migrants often represent a large share of the agricultural workforce (FAO 2019a). Differences in migration status (refugees; internally displaced persons; migrant workers; internal or international; permanent, temporary or seasonal workers; documented or undocumented migrants) have their own specificities, resulting in different barriers and opportunities in accessing social protection systems (FAO 2020b).

## Legal barriers

One of the barriers that rural populations face in accessing social protection concerns their exclusion from existing legal frameworks, which is often compounded by the fact that few social protection schemes are actually implemented within a legal framework. This legal void is particularly prevalent with respect to non-contributory schemes.

Adequate legal frameworks establish legally enforceable rights; define institutional responsibilities; and provide transparency in programme delivery, including eligibility criteria, enrolment and exit processes, benefits definition and so on (Morlachetti 2016; ILO 2019c, Chapter 4). When social protection schemes are statutory, people who are entitled to them can make claims and obtain redress if they have been unjustly denied a benefit. This protects citizens from arbitrary or discretionary selection or the manipulation of social protection

schemes for political gains. The enshrinement into law of social protection schemes makes them part of the social contract between the state and its citizens (Morlachetti 2016).

While contributory social protection schemes are more likely to be anchored in legislation than non-contributory schemes, this does not necessarily guarantee legal coverage to rural populations. They may be explicitly excluded, either due to their place of residence or employment sector. In some countries, the applicable legislation either does not cover or explicitly excludes workers in all or some agricultural sectors. With the rate of labour informality in agriculture as high as 93.6 per cent (ILO 2018d), existing legal provisions are prone to exclude rural workers, who tend to be in casual, seasonal or temporary employment arrangements. High levels of informality are both a cause for, and a consequence of, the lack of social protection coverage. Other legal exclusions relate to minimum thresholds regarding the duration of an employment contract, working hours or covered salaries, as well as the legal threshold regarding the number of employees for businesses to qualify for affiliation to a social protecting scheme (ILO 2019b; 2019c, Chapter 4). As table 1 shows, such thresholds and contractual conditions have the effect of excluding those who are informally employed or work for small-scale businesses, including contributing family workers. In addition, many schemes legally exclude international migrant workers based on citizenship requirements, while the lack of portability provisions may disadvantage workers with a high degree of geographic or occupational mobility.

► Table 1. Affiliation to contributory pension schemes by employment arrangement

	Affiliation by type of contract			Size of enterprise		
	Permanent	Temporary	No contract	< 10 workers	10–49 workers	50+ workers
Middle East and North Africa	85.1	43.7	9.0	18.9	62.5	83.9
Sub-Saharan Africa	69.0	26.0	12.7	3.3	41.2	51.6
Latin America and the Caribbean	91.7	62.2	16.2	19.2	61.6	78.6
Developed economies and EU	88.3	76.9	-	79.4	86.4	73.3
Europe (non-EU) and CIS	83.9	31.0	3.7	39.3	82.9	93.4
Asia and the Pacific	75.0	49.2	20.5	19.6	36.9	50.4
Total	78.3	51.0	18.8	29.9	49.4	60.8

Source: Adapted from ILO (2015c).

While excluded categories of workers are sometimes given the possibility of joining voluntarily, such voluntary affiliation provisions rarely provide sufficient incentives to join and rarely lead to a significant increase in effective coverage.

Even when workers in temporary or part-time employment or self-employed workers are included, additional factors may put these groups at a disadvantage and exclude them from accessing adequate benefits. Such factors may include minimum thresholds regarding the duration of employment or hours of work or a lack of mechanisms to ensure that workers with interrupted employment and relatively low incomes are guaranteed at least a minimum benefit level. These factors conspire to deter affiliation and lead to inadequate coverage.

Non-contributory schemes, in particular social assistance schemes, have expanded dramatically in the last two decades. Currently, virtually all countries in the world have a social assistance programme in place (World Bank 2015). However, in developing countries, many of those programmes are not anchored in legislation, especially but not exclusively if they are fully or partially financed by official development assistance. In the absence of regulations, citizens are unable to claim and enforce their rights and hold their governments accountable for them. It is worth noting that some schemes that cover large categories of the population, such as social pensions or universal child benefit schemes, are anchored in national legislation. This includes, for example, social pension schemes in the Philippines (Expanded Senior Citizens Act of 2010), Lesotho (Old Age Pension Act of 2005) and similar schemes in Botswana, Mauritius, Namibia, Nepal and South Africa. Similarly, large child and family benefit schemes, including in Argentina and South Africa, are anchored in national legislation (ILO and UNICEF 2019). Similarly, the Bolsa Família programme in Brazil and the National Rural Employment Guarantee Scheme in India are also anchored in legislation (Ehmke 2015).

Age and residency may constitute additional legal barriers to coverage by these schemes. This particularly affects rural populations in two ways. First, social pensions are often the only available form of social assistance, enshrined in legislation and with secure and stable funding, as well as an indispensable source of income for people who can no longer work and do not have access to contributory pensions. However, many social pension schemes have a legal age threshold which is higher than the legal retirement age (Allieu and Ocampo, 2019). Second, residency requirements may also disadvantage rural populations, who tend to have more mobile livelihoods, for example where schemes are organized at a subnational level. In addition, migrant workers are often legally excluded from social protection benefits because of their migratory status or citizenship. For example, in order to receive an old-age pension in Mauritius, there is a minimum residence requirement of 12 years from age 18 for citizens and of 15 years from age 40 for non-citizens (Allieu and Ocampo 2019).

## Financial barriers

Financial costs can create barriers or disincentives to extending coverage, irrespective of contributory, non-contributory or mixed approaches, both for the state and for those who should be protected by the scheme.

Affordability is a major issue for the uptake of social insurance, as well as for agricultural insurance, even though the need for such insurance mechanisms is particularly high given their high-risk livelihoods. Contributory schemes may be unaffordable for both employers and employees in agriculture, especially the self-employed or workers with low wages and small- and medium-scale farmers and microenterprises in rural areas. Smallholder farmers tend to have limited contributory capacity due to their low, erratic and seasonal earnings, while existing liquidity constraints can make rural people prioritize other pressing risks. Poor rural dwellers and workers in the agricultural sector may have income patterns that either make contributions unaffordable or make it impossible to adhere to a regular contribution schedule. Limited financial capacity also hinders access to rural institutions, such as cooperatives, which can play an important role, including the provision of social protection benefits (Vinci, Hani, and Djeddah 2016). Difficulties in appropriately adapting the calculation and collection of contributions to the situation of rural workers, such as volatility of incomes, can constitute further financial barriers for them. It is notable that part of the income received by agricultural workers is non-cash or in-kind, in the form of goods and services. This has led many countries to exclude agricultural workers and casual labourers from social insurance coverage (ILO 2019c). The often proposed solution of introducing a flat-rate contribution raises equity concerns, because such contributions often give rise to only modest benefits that may not be adequate to meet people's needs and limits the scope of risk-sharing and solidarity (Allieu and Ocampo 2019; ILO 2019c).

For non-contributory schemes, financial barriers mainly include transaction costs related to enrolment, collecting payments and compliance with programme requirements as is the case with conditional cash transfers. These costs may reduce a programme's net benefit to the recipient or discourage eligible people from participating altogether. Indirect financial costs associated with demonstrating compliance may impose financial barriers to programme uptake. Similar opportunity costs are observed for participation in public works programmes. The income lost from not being able to pick up odd jobs or work in self-employment while participating in a public works programme constitutes the private cost of participation in this kind of programme and is often high, representing one quarter to one half of the benefit. Similarly, if not adequately designed and implemented, public works can interfere with the agricultural season.

## Administrative and institutional barriers

### Low administrative capacity

Effective implementation of social protection programmes requires strong administrative capacity for outreach; registration; selection; record-keeping; collecting and recording contributions; generating payments; monitoring compliance; claims processing; and controlling for error, fraud and corruption. The scope of administrative procedures depends on a number of factors, including the type and size of the scheme, the target population, the benefit levels and available technology. The extension of coverage and administrative capacity are closely connected. Among other issues, high administrative costs and lack of capacity have been key challenges to extending social protection to rural workers (ILO 2019c).

One fundamental barrier involves the coverage of civil registration and national identification systems. In rural areas, especially in Asia and Africa, vulnerable groups, particularly women, the elderly and children, tend to not have national identification documents (World Bank 2019). The lack of documentation creates difficulties for the service providers who must account for and reach these vulnerable groups. It also presents a barrier for potential beneficiaries, who often need to present a form of identification to apply for some if not all benefits. The lack of documentation may have other serious consequences. For example, it may render rural people vulnerable to exploitation by employers because they are unable to seek legal redress and it may prevent them from accessing basic public services.

Administrative capacity constraints have also led to poor enforcement of social protection provision, such as maternity or employment injury protection. For example, non-compliant employment arrangements may result in rural women being excluded from the maternity protection to which they should be entitled by law (ILO 2015c). Women often face barriers in accessing benefits, especially if provision is linked to behavioural conditions or gender stereotypes, and they tend to be particularly affected by late and irregular payments of benefits (Ulrichs 2016).

More broadly, the ineffective implementation of programmes results in a lack of trust in the system and further undermines uptake, which has sometimes been a challenge for community-based health insurance (Basaza et al. 2008; Odeyemi 2014).

### Costs and complexities of administrative services in rural areas

The remoteness of some rural areas increases the cost of social protection. On the supply side, concerns over the high administration costs of operating a dense network of contact points for social protection institutions may create barriers to coverage in rural, remote and hard-to-reach areas, especially when technological solutions cannot be adopted or are insufficient.

On the demand side, remoteness and lack of access to quality services (due to poor roads, the cost of transport, the social stigma that women are exposed to in traveling on their own, etc.) may also make the cost of accessing social protection higher than the actual benefits.

## **Administrative procedures and processes, lack of awareness and needs mismatching**

Administrative procedures may become a barrier by deterring people from enrolling or imposing high opportunity costs on their participation in social protection programmes (Basaza et al. 2008; Odeyemi 2014). For rural workers and employers, many of them in precarious and informal situations, the time spent on registration processes, benefit claims and other administrative processes may translate into income losses owing to absence from work. In some instances, existing exclusionary mechanisms are reproduced in the design and implementation of programmes that may hinder access for certain groups, such as indigenous peoples or people with disabilities (ILO 2018c; ILO and IDA 2019).

Limited awareness or knowledge of social protection programmes also limits access. This may be caused by the distance from rights and entitlements information points; the type of information available not matching literacy levels in particular rural areas; language barriers in areas with different local languages; and psychological barriers created by high poverty contexts and isolation. Lack of information about programme benefits may lead participants to deliberately opt out, thinking that the opportunity costs outweigh the potential advantages (Basaza et al. 2008; Odeyemi 2014; Perry 2007; Phe Goursat and Pellerano 2016).

Another related barrier is the inadequacy of benefits to meet the needs of rural population. Existing programmes and benefits may be designed without taking into account the specificities of agricultural work and hence present little value to workers in the sector, in particular with respect to social insurance. For social assistance, the irregularity, unpredictability, often low level of benefits and high administrative costs are inadequate.

There are many gender gaps in obtaining access to social protection. Social protection schemes, in particular contributory ones, may disadvantage or exclude women, who tend to have non-linear careers and lower wages and are more likely to work in the informal sector (ITUC 2018). Moreover, women with children tend to participate less than men in public work schemes that lack childcare provisions. As noted above, women also perform the overwhelming majority of unpaid work in the care economy, which is often disregarded in the calculation of social protection entitlements. This results in lower accumulated contributions, if any, which will then result in lower coverage levels, especially during old age (Tessier et al. 2013).

Finally, in the vast majority of low- and middle-income countries, rural populations lack proper representation

## **Lack of integration and policy coherence**

Finally, many countries still face a high degree of fragmentation within their social protection systems and a lack of integration among their social protection institutions. This may lead to gaps in coverage, comprehensiveness and adequacy, as well as duplications and inefficiencies, and may also lead to distorted incentive structures. There is often also a lack of coordination with other relevant policies, such as agriculture and rural development policies, enterprise formalization policies, labour market and employment policies, or education and care policies (FAO 2016; ILO 2019c).



# Section 2







## Section 2: Exploring innovative approaches to extending social protection to rural populations

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Building on the analysis in section 1, this section explores innovative approaches to extending social protection to rural populations that take into account their specific situation, risks and barriers. Such approaches also take into account the demographic and economic transformations that have a large impact on the future of work in general and rural labour dynamics specifically (Global Commission on the Future of Work 2019).

In principle, there are two broad policy approaches to ensure social protection coverage for rural workers, which can and should mutually complement each other (ILO 2019c, Chapter 2):

- ▶ extending social insurance coverage; and
- ▶ extending the coverage of non-contributory benefits.

In practice, many countries use a combination of these two approaches in their national social protection systems in order to guarantee at least a basic level of social security to all through a social protection floor, progressively providing higher levels of protection to as many people as possible. Such a two-pronged approach is not only essential for promoting the human right to social security, but is also central to facilitating the transition from the informal to the formal economy.<sup>4</sup> It should be based on a careful assessment of the situation of rural populations and an inclusive social dialogue process (ILO 2020c; 2019c, Chapter 2). The combination of different schemes and benefits can ensure that rural populations are adequately protected throughout their lives, including for the risks and contingencies that are specifically related to work in rural economies, while considering their household and family contexts (OECD and ILO 2019; Allieu and Ocampo 2019).

Extending **social insurance coverage** to rural workers requires a set of measures that focuses on overcoming legal, financial and administrative barriers. This includes adapting the legal framework, financing mechanisms and administrative processes to the specific needs and situation of rural workers, such as by taking into account seasonality in the collection of contributions, facilitating access to registration through one-stop shops and raising awareness (ILO 2019c, Chapters 3 to 6). Such a strategy to extend coverage is usually associated with a strategy to formalize employment, thereby addressing broader decent work deficits. For those with limited contributory capacities, additional measures may be necessary in order to mobilize additional resources from the government budget or other sources, such as measures to subsidize contributions at least temporarily.

Extending social protection coverage through **non-contributory benefits** to those who were previously uncovered helps to guarantee at least a basic level of income security and access to essential health services for all. This can be achieved either through universal benefits that are provided to broad categories of the population (such as universal child benefits, old age pensions or a national health service) or targeted benefits for those living in poverty. For targeted benefit schemes, extending coverage typically requires relaxing eligibility criteria, such as by including those who were previously excluded because of their attachment to the labour market or their earnings.

Given the heterogeneity of rural populations within and across countries, there is no “one-size-fits-all” strategy. A detailed assessment of the specific national context is key, taking into account the factors outlined in section 1. Importantly, such assessments should be conducted in an inclusive national dialogue, with the participation of rural workers’ and employers’

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<sup>4</sup> See ILO, [Transition from the Informal to the Formal Economy Recommendation](#), 2015 (No. 204), paras. 16–21, which reflects this approach.

organizations (often referred to as “social partners”) and other rural stakeholders such as producers’ organizations and cooperatives. Such an inclusive national dialogue, based on a common assessment, helps to inform discussions, forge consensus and design balanced strategies that respond to stakeholders’ needs and concerns, and ensure wide political support and trust in the system. Beyond the initial assessment, their involvement is key throughout the design, implementation, monitoring and evaluation of social protection schemes and programmes.

## Policy, legislative and institutional set-up

To be effective and successful, the extension of social protection to rural populations should be embedded in a comprehensive and coherent policy and legal framework. Such frameworks should govern both social insurance and non-contributory benefits; they should specify eligibility conditions and the type, level and periodicity of benefits, ensure transparency and accountability, and provide for the sustainable and equitable financing of these schemes.

The development of an integrated policy framework should be based on a detailed diagnostic of rural populations’ situation, including the specific challenges they face. This analysis should be combined with a review of existing policy and regulatory frameworks and practices to ensure policy coherence and a well-functioning and coordinated institutional set-up (ILO 2019c, Chapter 3). Overall, two options emerge: extending general social security legislation to agricultural workers or introducing specific legislation for them (ILO 2019c, Chapter 4).

The first option avoids fragmentation of the social protection system, allows for a greater degree of risk-pooling and redistribution and is more conducive to facilitating labour mobility between the agriculture and other sectors, which is important given that many rural workers engage in agricultural and non-agricultural work, either on a seasonal or part-time basis. In addition, the processes of structural transformation may lead to an increasing number of sectoral shifts, related transitions at the level of occupations and employment opportunities and therefore changes in terms of the need for social protection.

The second option allows the specific situation of agricultural workers or specific subcategories to be taken into account more easily and ensures that they do not fall through the cracks; however, it typically leads to higher levels of fragmentation that may pose challenges in contexts of high labour mobility and may be limited by the capacity of the social protection system to ensure risk-pooling and redistribution. Either way, the inclusion of both wage workers and the self-employed needs to be considered. This option allows workers to remain in the same social security scheme irrespective of their employment status, and it can ensure adequate coverage in situations in which workers combine (part-time or seasonal) wage employment with self-employment.

Extending social protection coverage to self-employed workers, including contributing family workers, is challenging for many countries given the heterogeneity of this group, which includes farmers who own their land and those who do not and who also differ in terms of the legal regime they are subjected to as landowners, tenants or sharecroppers. Their inclusion may require social security legislation to be adapted to take into account their specific characteristics in an appropriate way. Generally speaking, mandatory coverage tends to lead to better results (provided that mechanisms are appropriately adapted to workers’ situation).

For example, in Jordan, the Social Security Law was revised to extend social security to all workers in the country and Jordanians abroad, extending mandatory social insurance coverage to all workers, including self-employed workers (ILO 2019c; ISSA 2009). The Government of Brazil created the legal category of micro-entrepreneur in order to integrate self-employed workers into social security legislation. Between 2009 and 2015, the social insurance coverage rate of self-employed workers increased from 33 to 41.7 per cent (ILO 2019c). In addition to

laws, accompanying regulations may need to be adjusted as well, such as to adapt contribution collection mechanisms to account for the seasonality of agricultural activity over the year. For example, the Government of Colombia allows insured persons to declare their income throughout the year instead of only at the beginning of the year (see Durán Valverde et al. 2013). The rural pension scheme in Brazil uses adapted mechanisms according to the situation of workers: for wage workers, contributions are calculated as a percentage of the wage, while for producers they are calculated as a percentage of the sales value of their produce. In addition the scheme is subsidized from the general government budget (Allieu and Ocampo 2019; ILO 2019c).

Where it is not possible to meet the specific circumstances and needs of rural workers within the framework of the general social security legislation, countries may consider the introduction of specific social security legislation, as is the case in Algeria, Brazil and other countries. Ecuador's Peasants Social Insurance Scheme, by contrast, is regulated by the general social security law and administered by the main social security institution (Durán Valverde et al. 2013; ILO 2018a; 2019c).

While separate schemes for agricultural workers may indeed help to address certain specific needs, they offer only a limited portability of entitlements, which may impede labour mobility, particularly if they are not administered by the same institution as the general schemes. For example, Tunisia unified the schemes for self-employed non-agricultural workers and self-employed agricultural workers in 1995 with the objective of expanding coverage of agricultural workers (Ben Cheikh 2013). As a result, the number of insured workers increased considerably. Nonetheless, some gaps in legal coverage remain, which exclude mainly casual and seasonal agricultural workers who work less than 45 days per quarter for the same employer.

Another example is the mandatory National Social Security Fund for Non-Wage Earners in Algeria, which is based on the idea that all self-employed workers (non-wage earners), including business owners, artisans, farmers and members of liberal professions, should be registered. Registration ensures that these workers are covered by social security and receive administrative support and it promotes the formalization of employment. In addition, the Government introduced a mechanism to facilitate the entry into the scheme of non-covered individuals; over a period of three years, they can gradually increase their contribution levels and formalize their professional situation.

In addition to extending legal coverage, other measures are necessary to ensure that legislation is applied in practice and leads to effective coverage. Some of these are further elaborated below.

## Access, registration and administration

Access to social protection and related administrative procedures<sup>5</sup> may be more challenging or cumbersome in rural areas because of their remoteness and low population density. In order to address such barriers, countries can take measures to facilitate access and streamline services. For example, measures to simplify registration and other administrative procedures can facilitate access for rural populations. This may include the facilitation of access through mobile social security offices, one-stop shops or digital services, reducing the need for supporting documents and simplifying other procedures, as well as collective registration agreements (Allieu and Ocampo 2019; ILO 2019c).

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<sup>5</sup> Including the registration of protected persons and employers; the assessment of claims and payment of benefits; and, if applicable, the collection of contributions, labour and social security inspection mechanisms or the settlement of disputes.

First, facilitating access to registration and other administrative procedures is critical to ensure that populations in remote areas are reached. One option is to establish mobile offices, which are used for instance in Brazil or South Africa; they may be set up for one or more days or weeks in one village and then moved to another one, thus including more people (ILO 2019c, Chapter 5; ISSA 2012). In addition, mobile social security officers can organize visits to remote areas or areas where social protection coverage is generally low in order to explain the costs, benefits and functioning of social security schemes. For example, under the Brasil Sem Miséria Plan in Brazil, this approach has been used to actively identify extremely poor people who are not yet registered under the Bolsa Família programme (ILO 2019c).

Alternatively, delivery points may be utilized where individuals have access to social protection and other public services, which are often referred to as “one-stop-shops” or “single-window services”. Such one-stop shops may include employment services that provide access to job matching, vocational training and other skills development facilities, as well as farmer registries and enterprise services (ILO 2019c). For example in Mongolia – a country characterized by its sparse and widely dispersed population – one-stop-shops provide a wide range of services, including social protection, employment promotion, land management, civil registration and bank and notary services (van Langenhove and Peyron Bista 2019).

Digital technologies – if provided in an inclusive way and especially if combined with measures to close the digital divide in rural areas – can also play a key role in facilitating access to services in rural areas, through the use of mobile phones or online services (ILO 2019c). Examples include mobile banking solutions for the collection of contributions and the payment of benefits, where banking penetration and financial education is adequate and provided that related fees are minimized.

Second, reducing the number of supporting documents required, where possible, or allowing for alternative ways of providing the necessary proofs, can facilitate registration procedures. For example, in Brazil’s rural pension scheme, it is no longer necessary for rural subsistence workers to provide documents such as sales receipts or rental or leasing contracts to prove that they have been working for more than 15 years in a family activity in agriculture. Instead, a questionnaire that can be completed online or during an interview with a caseworker is sufficient (Brazil 2010; 2015; Lindert et al. 2007).

Third, collective registration agreements can be particularly useful to facilitate the registration of self-employed agricultural workers. Organizations of workers, such as rural producers’ associations, act as an intermediary between agricultural workers and social security institutions and can enter into collective agreements with a social insurance scheme, if they have the capacity to be an effective partner in such an agreement. In Costa Rica, such collective insurance agreements ensure that farmers can be covered by social insurance on the same terms as workers employed in other sectors, by collecting negotiated contributions from the insured and transferring them together with a monthly report to the social insurance institution. This mechanism has had a favourable impact on rural development, especially on organized own-account workers in the agricultural sector, including female farmers (Durán Valverde et al. 2013).

Such innovations require close coordination among different policies and institutions, including ministries of labour, social affairs and agriculture and social security institutions, as well as the participation of social partners and other stakeholders.

## Financing, contribution collection, reference earnings

The sustainable financing of the extension of social protection to rural populations should take into account several factors, such as the average low level of income and the resulting limited contributory capacity; the migration of people of working age from rural to urban areas due to

lack of decent work opportunities and the resulting higher proportion of economically inactive persons; and the increased administrative expenses that arise from the need for decentralized management in remote or isolated rural areas. Many countries have therefore designed solutions to address the challenges related to the collection and financing of contributions, including adaptations of the way in which contributions and benefits are determined, facilitating the payment of contributions and subsidizing contributions for low-income earners.

The determination and collection of contributions from rural workers may be facilitated by redefining reference earnings and adapting contribution payment schedules in order to account for their specific situation, taking into account seasonality, fluctuating earnings and in some cases in-kind remuneration. Some countries have used uniform contributions that offer entitlements to flat-rate benefits, self-classification in contribution categories and alternative ways of assessing earnings for rural workers and producers whose contributions are difficult to determine based on monthly earnings. For example, some countries provide the option to link pension contributions to the size of the farm (France, Italy) rather than the actual level of earnings.

For some groups of workers, the determination and payment of contributions on an annual or quarterly basis or in line with seasonal patterns may facilitate the payment of contributions and thereby contribute to extending social insurance coverage for rural workers (for example, in Brazil). Greater flexibility with regard to the contribution collection schedule or the temporary reduction or interruption of contribution obligations in the case of shocks may further help to facilitate coverage. Indeed, allowing for contributions to be made at a time when workers' income is highest may facilitate social security coverage since their income depends on crop schedules, weather conditions and opportunities to market their harvest. In Mongolia, a country where one quarter of the economically active population are herders with no regular income who live in remote areas, the Government has adapted the payment schedule to take into account the seasonality of income and uses new technologies (mobile phones, internet) for the collection of contributions. In addition, an application has been created to provide an overview of benefit payments and entitlements (ILO 2016a).

Furthermore, since the earnings of many agricultural workers are usually relatively low, it may also be necessary to subsidize (part of) their contributions. For example, in the Peasants' Social Insurance Scheme in Ecuador, contribution rates are lower than in the general social insurance scheme. In accordance with the principle of solidarity in financing, the scheme is cross-subsidized by the contributions of workers and employers registered in the general insurance schemes, contributions by public and private insurance entities and a state subsidy (ILO 2018a; 2019c). Other measures may also be necessary to take into account the specific challenges faced by agricultural workers, including with respect to facilitating their access to housing after retirement.

Past experiences show that it is technically possible and feasible to adapt traditional social protection mechanisms to the special needs of rural populations, provided that there is matching political will and a determination to act. The need for adapting financing mechanisms of social protection to the specific features of rural livelihoods has been recognized in most national contexts. Although there is no unique financing pattern, it may be observed that in most cases, insured persons (both wage earners and self-employed persons) contribute in principle (at least to some extent) towards financing the scheme under which they are protected. With respect to wage earners, both employers and workers contribute towards the cost of benefits such as sickness, pensions and unemployment, while employment injury protection is covered by employers alone. However, the state often steps in and contributes to financing, for example through subsidizing contributions or benefits directly from state budget, as in the example of Brazil and Ecuador, or by ensuring that the yield derived from turnover taxes on agricultural produce is devoted to financing the social security of rural populations.

## Awareness and trust

Information on social security rights and obligations need to be widely available and use different channels that have the potential to reach a large variety of people (ILO 2019c, Chapter 3). In Zambia, various policy options for the coverage of smallholder farmers have been discussed and advocacy material developed (ILO 2015b; Phe Goursat and Pellerano 2016). In Kenya, the National Hospital Insurance Fund has facilitated the extension of coverage to workers in the informal sector since 2015, raising awareness by word of mouth and through technology, such as mobile phones. Information on social security programmes and benefits can be integrated into other forms of educational training programmes, such as modules in skills development and entrepreneurship programmes that are accessed by people for whom this information is particularly relevant. This is particularly relevant for reaching younger generations in rural areas, as comprehensive efforts towards the rejuvenation and dynamization of rural areas are brought forward. In addition, information campaigns tailored to the respective situations and needs of workers and enterprises in specific sectors are a very useful tool for reaching out to specific groups (ILO 2019c). Trade unions, farmers' organizations, agricultural cooperatives and other organizations can also play an important role in providing information and raising awareness among rural workers and employers, which in turn can be an opportunity for them to reach potential new members.

## Compliance and incentives

The extension of social protection to rural workers should consider mechanisms for ensuring compliance and set incentives for participation. Specific measures should be undertaken to address challenges for labour and social security inspection in rural areas, in particular with respect to longer distances and seasonality (ILO 2010; 2019c, Chapter 7). This includes ensuring adequately resourced inspection services that can effectively ensure compliance and promoting cooperation between inspection services for a more coordinated approach. For instance, Costa Rica's social insurance institution employs a group of specialized inspectors to oversee the registration of the self-employed. The inspectors work in several economic sectors and according to different schedules in order to enable both daytime and night-time supervision. In addition, the institution hired more administrative staff and inspectors to enhance the administrative capacity to follow-up cases of evasion (Durán Valverde et al. 2013).

Incentives can also be created by designing schemes and benefits that better respond to the needs and specificities of rural populations. This can be achieved by integrating new services and benefits into existing schemes, for instance by including insurance against risks or events that represent significant financial burdens in rural areas, such as in the form of funeral grants, education grants or loans for higher education. An important complement for rural populations is the link with agricultural insurance. Given the importance of agriculture for rural livelihoods and the exposure of the sector to large covariate shocks, agricultural insurance can play important social protection functions and should be better linked with social protection systems to ensure better coverage of the poor and vulnerable in particular (FAO n.d.).

## Integration and policy coherence

As emphasized throughout this publication, given the diversity of political, social and economic circumstances of different countries, as well as the heterogeneity of rural populations within a given country, there is evidently no one-size-fits-all solution. It is therefore essential, throughout the design and implementation of social protection schemes and programmes, to consider different approaches with a view to combining them in an effective and efficient way as a system. A wide range of benefits, schemes and financing options are feasible, both

contributory and non-contributory, as long as they complement each other and do not lead to fragmentation, gaps or duplication. Importantly, these schemes should be designed in a way that avoids creating perverse incentives to remain in the informal economy. For this reason, it is important to ensure that government subsidies are directed to individuals with limited contributory capacity and cover those in both the informal and formal economy in an appropriate way, so that such policies can support workers to transition from the informal to the formal economy (Bender, Kaltenborn and Pfeleiderer 2013; ILO 2019c).

Beyond internal coordination, external coordination is crucial between social protection systems and other related policies, such as labour market and employment policies, enterprise formalization and development, and the just transition towards environmentally sustainable economies and societies (ILO 2015a). Ideally, policy coherence within and beyond social protection systems is an integral element of national social protection policies that devise a concrete strategy to progressively close protection gaps. In rural areas, where economic activities are mostly linked with agriculture and natural resources, the expansion of coverage should be planned and implemented in cooperation with agricultural sectoral and rural development policies and programmes focusing on farming, livestock, fisheries and forestry (FAO 2016). This is essential because, on the one hand, agricultural sectoral and rural development policies and programmes can have social protection functions that should be built upon, while on the other hand, they have an impact on the employment arrangements and livelihoods of rural dwellers and thus affect their eligibility and modalities of access to social protection schemes. For instance, fishers are greatly affected by measures seeking to preserve fishing stocks, such as closing seasons. Social protection measures can be designed accordingly in order to offset the negative impact of closing seasons (FAO 2019b). Each agricultural livelihood has specificities that should be taken into account when adapting the design or administration of social protection benefits and services, as well as to identify potential synergies with other sectors.





Section 3





## Section 3: Perspectives for a common approach: Key recommendations

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Extending social protection for all – anchored in the international human rights framework and international labour standards – is core to the work of FAO and the ILO and is critical for promoting rural development and inclusive rural transformation and ensuring a human-centred future of work<sup>6</sup>. Both organizations promote and support the effective reach and coverage of social protection to all, in line with the 2030 Agenda, and they work in partnership in order to support its implementation, in particular for rural populations. At the global level, this ILO and FAO partnership translates into a common approach, based on evidence and good practices, that supports governments in their efforts to realize the universal right to social security by strengthening national social protection systems, including solid social protection floors, and thus achieve SDG targets 1.3 and 3.8. In the context of the COVID-19 pandemic, the need for working together is more evident than ever (ILO et al. 2020).

On this basis, taking into account the heterogeneity of rural populations and their particular neglect by existing policies, FAO and ILO have identified the following actions and measures that can be instrumental in planning and implementing an effective expansion of coverage to all rural populations:

- ▶ Understand and address the specific barriers that rural populations face when accessing social protection schemes, programmes and benefits. These barriers are context-specific and should be analysed in detail in order to identify potential bottlenecks.
- ▶ Promote the participation of representative rural organizations of employers, workers and other persons concerned in the design, implementation, monitoring and evaluation of social protection policies and schemes. Their participation is key for understanding the needs of rural populations, and accordingly for designing and adapting social protection systems for the future of work in rural areas.
- ▶ Design and implement adequate legal frameworks to guarantee the right to social security and address implicit or explicit exclusions.
- ▶ Recognize the commonalities and specificities of different population groups in rural areas; consider different approaches – non-contributory and contributory schemes and programmes or both – to building social protection systems, including floors, which guarantee at least basic income security and access to essential health care services; and allow for progressively higher levels of protection for as many people as possible.
- ▶ Consider different financing mechanisms for extending social protection, guided by considerations of financial, fiscal and economic sustainability and solidarity, in particular by extending contributory schemes to persons with contributory capacity and adapting them as necessary to the situation and needs of rural populations, and by complementing them with non-contributory schemes to guarantee a nationally defined social protection floor.

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<sup>6</sup> ILO, ILO Centenary Declaration for the Future of Work, 2019.

- ▶ Closely coordinate extension strategies with policies that facilitate the transition from the informal to the formal economy, including economic, employment, rural development and tax policies. The extension of social protection to rural populations should specifically address the transition from social assistance to social insurance. While social assistance has a key role to play in guaranteeing basic income support over the life cycle, social insurance is also key to providing progressively higher levels of protection.
- ▶ Develop the economic case for the expansion of coverage. The allocation of sufficient public spending to social protection systems can be motivated by the realization of the investment value of social protection for the promotion of human capital development, economic inclusion, inclusive rural transformation processes and ultimately rural development. Better highlighting the economic impacts of different social protection schemes and benefits, both contributory and non-contributory, can be instrumental in supporting the expansion of coverage.<sup>7</sup>
- ▶ Foster coherence with other sectors, in particular with agricultural sectors, in order to address some of the barriers identified. Establish specific options for each subsector, in particular farmers, herders, fisherfolk and foresters.
- ▶ Adapt the administrative organization of programmes and services to the specificities of rural areas. Three important approaches to consider are:
  - (i) facilitate access, including in remote areas, such as through mobile offices and single-window services and by harnessing digital technologies in an inclusive way, taking care to ensure that no one is left behind;
  - (ii) simplify procedures, in particular by reducing the requirements for applying for or validating benefits or entitlements; and
  - (iii) foster collective registration procedures, acknowledging the critical role that rural organizations can play in supporting social protection systems.
- ▶ Adapt modalities for the determination and collection of contributions; facilitate the payment of contributions; adapt benefit payments, schedules and calculations; subsidize social insurance contributions for low-income earners; and include portability of benefits.
- ▶ Build awareness and trust by ensuring that information on social protection programmes and benefits is readily accessible and that processes do not place additional financial stress on rural participants.

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<sup>7</sup> FAO, through its Protection to Production project, has been developing evidence and supporting governments in generating evidence around the impacts of social protection; see FAO, “[Social Protection: Evidence Generation](#)”.



## Annex A: Social protection: Definition and key concepts

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The Inter-agency Social Protection Assessment (ISPA) initiative, which brings together agencies in the field of social protection, defines social protection as “the set of policies and programs aimed at preventing or protecting all people against poverty, vulnerability, and social exclusion throughout their lifecycles, with a particular emphasis towards vulnerable groups. Social protection can be provided in cash or in-kind, through non-contributory schemes, providing universal, categorical, or poverty-targeted benefits such as social assistance, contributory schemes with social insurance being the most common form, and by building human capital, productive assets, and access to jobs” (ISPA n.d.). In line with this definition, both the ILO and FAO stress the critical importance of social protection for reducing and preventing poverty and different forms of vulnerability and its essential role as one of the pillars of decent work (FAO 2017; ILO 2017). The boundaries of social protection definitions may vary operationally, but at its core it encompasses contributory schemes (social insurance) and non-contributory tax-financed benefits (including social assistance). Some definitions also include labour market policies and programmes.

**Social insurance schemes:** *contributory social protection schemes that guarantee protection through an insurance mechanism, based on: (1) the prior payment of contributions, i.e. before the occurrence of the insured contingency; (2) risk-sharing or “pooling”; and (3) the notion of a guarantee.*

The contributions paid by (or for) insured persons are pooled together and the resulting fund is used to cover the expenses incurred exclusively by those persons affected by the occurrence of the relevant (clearly defined) contingency or contingencies. In the case of social insurance schemes for those in waged or salaried employment, contributions are usually paid by both employees and employers.

Contrary to commercial insurance, risk-pooling in social insurance is based on the principle of solidarity as opposed to individually calculated risk premiums. Many social insurance schemes are of mixed character, with some non-contributory elements in entitlements to benefits; this allows for a more equitable distribution of benefits, particularly for those with low incomes and short or broken work careers, among others. These non-contributory elements can take various forms, being financed either by other contributory elements (redistribution within the scheme) or by the state (ILO 2017).

**Social assistance schemes:** *social protection schemes that require no direct contribution as a condition of entitlement to receive benefits and are usually financed through taxes or other state revenues, or in certain cases through external grants or loans.*

These schemes usually seek to address or prevent chronic poverty or specific vulnerabilities and are often targeted at households living in poverty through means tests. A broader definition of the term also includes universal schemes for all residents (such as national health services) and categorical schemes for certain broad groups of the population (such as for children below a certain age or older persons above a certain age).

Social insurance and social assistance – regardless of the operational definition adopted for social protection – should be coordinated and complemented with labour market policies and programmes. These should include measures to facilitate the entry or return to the labour market of unemployed persons, such as through job-search assistance and career guidance; programmes for upgrading or adapting skills to improve jobseekers’ employability, such as vocational training; incentivizing individuals to take up certain jobs or incentivizing firms to

hire certain categories of workers; or the creation of jobs in the public or private sector (ILO 2016b).

Agricultural insurance represents a complementary set of interventions that is related to social protection and relevant for agricultural producers. While it is not traditionally considered as falling under social protection policies and programmes, it provides important additional support to safeguard the livelihoods of agricultural producers in the face of shocks. However, there could be instances where agricultural insurance schemes could be designed following the principle of solidarity and aligning with social protection systems (FAO n.d.).



## Annex B: Relevant FAO and ILO tools

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This annex provides a non-exhaustive list of relevant tools. Further information is available on the respective web platforms:

- ▶ [FAO: Social Protection](#)
- ▶ [ILO: Social Protection Department and \[www.social-protection.org\]\(http://www.social-protection.org\)](#)

### Human rights instruments and international labour standards

Human rights instruments and international labour standards provide a normative framework for the work of FAO and ILO. This includes the following instruments:

- ▶ [Social Security \(Minimum Standards\) Convention, 1952 \(No. 102\)](#)
- ▶ [Social Protection Floors Recommendation, 2012 \(No. 202\)](#)
- ▶ [Transition from the Informal to the Formal Economy Recommendation, 2015 \(No. 204\)](#)
- ▶ [ILO Centenary Declaration for the Future of Work, 2019](#)

Further information is available in ILO (2019a) and FAO (2014), as well as in the [Joint UN Social Protection and Human Rights web platform](#)

### Global policy frameworks and flagship reports

- ▶ [FAO Social Protection Framework](#): This framework presents FAO's vision and approach to social protection. FAO recognizes the critical role that social protection plays in furthering and accelerating progress around food security and nutrition, agriculture development, rural poverty and resilience building.
- ▶ [World Social Protection Report 2017-19: Universal social protection to achieve the Sustainable Development Goals](#): Firmly anchored in the ILO's policy approach, this ILO flagship report provides a global overview of recent trends in social protection systems, including social protection floors. Based on new data, it offers a broad range of global, regional and country data on social protection coverage, benefits and public expenditures on social protection.

## Guides and tools

### Extending social protection coverage

- ▶ **ILO Extending social security coverage to workers in the informal economy. Lessons from international experience:** This ILO policy resource package serves as a reference for policymakers, workers' and employers' organizations and other stakeholders engaged in the development of social protection strategies, or the planning, design, implementation and monitoring of systems and schemes. This practical tool can help develop viable policy options to address the manifold challenges of extending social protection to workers in the informal economy and facilitating transitions to formality.
- ▶ **FAO Social protection coverage toolkit:** This toolkit, developed by the International Policy Centre for Inclusive Growth (IPC-IG) in partnership with the Regional Office for the Near East and North Africa (NENA) of FAO, provides a new step-by-step methodology to calculate the extent to which a population is covered against the risks that affect them throughout their life cycle.

### Policy formulation and implementation

- ▶ **ILO Social protection assessment-based national dialogue. A global guide:** This guide helps users to conduct assessment-based national dialogue (ABND) exercises, which are the first step towards implementing nationally defined social protection floors. The ABND exercise is based on national multi-stakeholder dialogue concerning social protection strategies, challenges and concrete areas of action.
- ▶ **ISPA Core Diagnostic Instrument (CODI):** The CODI has been designed to map the elements of a social protection system in a given country, including national objectives, strategies, policies, programmes, and schemes of the social protection system; analyse social protection system performance against national social protection objectives and track progress against a standardized set of performance criteria over time; serve as an evidence base for country dialogue on how to strengthen a social protection system and identify a set of entry level policy reform options, taking into account local conditions; and promote exchange & coordination between national & international partners.
- ▶ **ISPA Food Security and Nutrition (FSN) tool:** The food security tool has been designed to assess the performance of social protection programmes on food security and nutrition and identify and set out options for improvement, as well as to strengthen social protection systems and programmes to allow for a more positive impact on food security and nutrition.
- ▶ **FAO Toolkit on gender-sensitive social protection programmes to combat rural poverty:** The Toolkit is designed to support social protection and gender policymakers and practitioners in their efforts to systematically apply a gender lens to social protection programmes in ways that are in line with global agreements and FAO commitments to expand inclusive social protection systems for rural populations. The Toolkit focuses on the role of social protection in reducing gendered social inequalities, and rural poverty and hunger.



- ▶ Technical Guide No. 1: Introduction to gender-sensitive SP programming to combat rural poverty: Why is it important and what does it mean?
- ▶ Technical Guide No. 2: A guide to integrating gender into the design of cash transfer and public works programmes
- ▶ Technical Guide No. 3: Integrating gender into implementation and monitoring and evaluation of cash transfer and public works programmes
- ▶ **FAO and Cash+:** How to maximize the impacts of cash transfers: FAO promotes the use and scale up of Cash+ as a tool for emergency response, strengthening resilience and reducing rural poverty. Cash+ is a tool for quick-impact humanitarian response and recovery as well as serving as a component of long-term social protection and resilience programmes. Field experience and research show the potential of this tool to sustainably enhance the economic and social impacts of cash transfers when combined with productive support.
- ▶ Strengthening coherence between agriculture and social protection:
  - ▶ **FAO Framework for analysis and action:** To support efforts aimed at combating poverty and hunger, FAO and its partners have developed guidance material for strengthening coherence between agriculture and social protection. Drawing from concrete country experiences, the Framework presents the benefits of bringing together agriculture and social protection and identifies options for doing this at policy and programming levels.
  - ▶ **FAO Diagnostic tool:** The FAO Diagnostic tool assists users in identifying existing linkages between agriculture and social protection interventions in a given country and how to strengthen them. The tool can also promote understanding of people's experiences and perceptions of the linkages between the two sectors and how these linkages (or lack of them) affect their livelihoods.

## Costing and financing

- ▶ **ILO Social Protection Floors cost calculator:** The SPF calculator is an easy-to-use tool to estimate the costs of the different components of SPFs: child and orphan allowances, maternity benefits, public works programs for those without jobs, disability and old-age pensions. The SPF calculator allows the exploration and comparison of different policy options for each area, to assess the costs of extending social protection coverage and benefits.
- ▶ **Fiscal space for social protection. A handbook for assessing financing options:** This handbook, published jointly by the ILO and UN Women, provides guidelines to assess financing options to extend social protection coverage and benefits. All of the financing options described in this handbook are supported by policy statements of the United Nations and international financial institutions. Governments around the world have been applying them for decades, showing a wide variety of revenue choices.

## Broader issues

- ▶ **FAO Eliminating child labour in agriculture with social protection:** This note outlines what are child labour and social protection, how social protection can significantly contribute to eliminating child labour in agriculture, and what are FAO's planned efforts to leverage on social protection interventions to generate knowledge and increase impact at country level on child labour elimination.
- ▶ **FAO Social protection, emergency response, resilience and climate change – a new interactive learning tool:** FAO, in partnership with the Red Cross Red Crescent Climate Centre, is developing an interactive learning tool to facilitate learning on the potential benefits and trade-offs between linking social protection, resilience and climate change policies at local, national and global level. The tool allows national stakeholders and policymakers to experience first-hand the challenges that smallholder farmers face when dealing with scarce availability of productive assets and deteriorating climate conditions.
- ▶ **ILO Portfolio of policy guidance notes on the promotion of decent work in the rural economy:** The portfolio of policy guidance notes illustrates the ILO's holistic approach to promoting decent work in the rural economy and brings together the broad range of instruments and tools developed over the past years. It includes, among many others, the following notes:
  - ▶ Economic diversification of the rural economy
  - ▶ Transitioning to formality in the rural informal economy
  - ▶ Promoting fair and effective labour migration policies in agriculture and rural areas



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ISBN 978-92-5-133678-6



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CB2332EN/1/01.21