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**On the path to
universal coverage
for rural populations
removing barriers
of access to
social protection**

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On the path to universal coverage for rural populations removing barriers of access to social protection

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INTRODUCTION

Social protection, which is defined as the set of policies and programmes designed to reduce and prevent poverty, food insecurity, and vulnerability across the life cycle (SPIAC-B, n.d; FAO, 2017a), is recognized as a strategy for poverty eradication. Social protection also contributes to promoting good health and well-being, achieving decent employment, fostering economic growth and reducing inequalities – objectives that are reflected in the Sustainable Development Goals (SDG).

Four SDG targets make specific reference to social protection:

1.3 - Implement nationally-appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable;

3.8 - Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all;

5.4 - Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate;

10.4 - Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

Today, nearly half of the world's population – close to 3.4 billion people – live in rural areas. Developing countries in Africa and Asia are home to nearly 90 percent of the world's rural population. Globally, the rural population is expected to decrease by 2050. However, the share of the rural population will remain significant, particularly in developing countries. It is estimated that by 2030, about 62 percent of the population in low-income countries will still live in rural areas (UN DESA, 2018).

Rural areas in developing countries are characterized by high dependence on agriculture and natural resources; high informality in employment arrangements; high prevalence of poverty; greater isolation and marginality; and lower human development. These distinctive characteristics make rural people more vulnerable to natural/environmental, economic, social and political risks and shocks in many ways.

Over generations, rural people have devised ways to cope with these risks and shocks by diversifying their livelihoods (in a limited way) and creating informal institutions for risk-sharing and risk management. But as the frequency and severity of shocks increase, the effectiveness of non-formal or community-based systems and other coping mechanisms is being challenged. Increasingly, most of the observed coping mechanisms are being viewed as suboptimal or negative. At the same time, formal

social protection coverage is very low, especially in developing countries. Only 45 percent of the global population is effectively covered by at least one social benefit, while the remaining 55 percent – 4 billion people – are left unprotected (ILO, 2017). Moreover, the coverage of both contributory and non-contributory social protection is often limited in rural areas, leaving poor households without a minimum income or mechanisms to effectively manage risks and shocks.

Only 24.7 percent of vulnerable populations are covered by social assistance programmes in the world (ILO, 2017), and only about three percent of the world's population is estimated to be covered by social insurance (FAO, 2015). In many countries, including countries where agriculture is the main source of employment, social protection legislation explicitly excludes the rural population (agriculture workers, fishers, foresters and casual workers) and does not provide alternative schemes.

The fight against poverty and extreme poverty continues to be related to addressing risks and vulnerabilities in rural areas and improving rural socio-economic conditions. Poverty in rural areas is generated and exacerbated by highly heterogeneous employment arrangements; high levels of unemployment and underemployment; poor-quality and unproductive jobs; unsafe work and insecure income; lack of access to services; and exclusion based on gender, ethnicity, age and other determinants.

Box 1. Considerations on definitions of 'rural'

There is no universal definition of 'rural'. It is most often defined by exclusion with regards to urban areas (i.e. rural areas are those that are not considered urban). Since every country has its own definition of what constitutes an urban area, the scoping of what is rural is even more difficult. The criteria for what constitutes an urban (and thus a rural) setting may be based on one or a combination of characteristics including: administrative criteria that classify municipalities as urban; a minimum population threshold; population density; the proportion of the population employed in non-agricultural sectors; the presence of infrastructure (e.g. paved roads, electricity, piped water or sewers); and the presence of educational or health services. An FAO and UNICEF publication (Atchoarena and Sedel, 2003) states that the definition of a 'rural area' should meet two criteria: one related to place of residence and land settlement pattern, and the other related to the type of work that residents engage in.

How 'rural' is defined or measured is important for social protection for two reasons. First, establishing a clear definition of what is intended by 'rural' will make it possible to identify people, target appropriate interventions, and monitor and evaluate outcomes. People living in rural areas tend to have a different socio-economic profile with respect to their urban counterparts. The rural-urban classification employed should therefore reflect or highlight this difference. Second, the definition of 'rural' has implications for social protection systems and public expenditures targeting rural populations. The rural population is heterogeneous. The livelihood base in rural communities can be based on a range of activities including crop and livestock production, fisheries and aquaculture, and forestry. This diversity requires differentiated approaches in terms of rural development interventions, and a mix of social protection interventions to meet the needs of various segments of the rural population.

Importantly, the issues related to the definition of ‘rural’ suggest that the analysis of risks and vulnerabilities is likely to provide a nuanced basis or entry point for social protection interventions and programming for rural populations.

Many rural communities in developing countries are facing specific risks, vulnerabilities and uncertainties, and coping with the poverty and exposure to shocks. There is a strong case for designing and implementing social protection interventions that address the issues that are specific to rural populations. There is abundant evidence on the impact of social protection, especially cash transfers. Numerous studies¹ demonstrate the positive impact on poverty reduction and other human development outcomes, such as food security, access to health and education, and increased well-being (FAO and UNICEF, 2015; Tirivayi, Knowles and Davis, 2013; Rawlings and Rubio, 2003; Schady and Araujo, 2006; Schady and Araujo, 2008; Yablonski and O’Donnell, 2009).

For rural people who have limited productive assets, are unable to save or access credit, and live in remote areas that are poorly integrated with markets, there is evidence that regular transfers can be particularly helpful in allowing them to diversify their livelihoods, make investments and improve their long-term income generating potential (Devereux *et al.*, 2006; Abay *et al.*, 2014; Scheuring, 2008; Covarrubias, Davis and Winters, 2012; Daidone *et al.*, 2014). Cash transfers, when provided regularly and predictably, help households overcome the obstacles that limit their access to credit or cash (Tirivayi, Knowles and Davis, 2013; Barca *et al.*, 2015). Cash transfer programmes have also been found to reduce household borrowing and enhance their ability to pay off existing debt and increase their savings (Handa *et al.*, 2013; Daidone *et al.*, 2014).

Social protection can also help poor and vulnerable people in rural areas to cope with the increased natural and climate change-related risks and shocks. Beyond poverty alleviation, the combination of social and economic impacts of social protection programmes can strengthen resilience and enhance the capacity of poor households to cope with, respond to and withstand natural and human-induced crises. In the short term, access to predictable, sizeable and regular social protection benefits can protect poor households from the impacts of shocks, including the erosion of productive assets, and can minimize negative coping practices. In the longer term, social protection can help to build capacities, smooth consumption and allow for investments that contribute to building rural people’s resilience to future threats and crisis (Winder Rossi *et al.*, 2017).

Addressing coverage gaps in rural areas is of critical importance to achieve the SDG targets and a complex challenge. Extending social protection to all is central to the work of the Food and Agriculture Organization (FAO) and the International Labor Organization (ILO). In line with the 2030 Agenda for Sustainable Development, both organizations promote and support the effective reach and coverage of social protection for all. Both organizations also subscribe to other international instruments on the rights

¹ See for example the evidence compiled in: FAO and UNICEF (2015); Arnold, Conway and Greenslade (2011); Tirivayi, Knowles, and Davis (2013); UNICEF-EASRO/Transfer Project (2015); FAO (2015); Vincent and Cull (2009); and ILO, (2014). Other noteworthy publications include: Devereux, Mvula and Solomon (2006); Barrientos (2012); and Aguero *et al.* (2007).

to social security. In particular, the ILO Social Protection Floors Recommendation, 2012 (No. 202) reflects a global consensus on the need to provide social protection for all. The guidance provided by the ILO Social Protection Floors Recommendation is particularly relevant for rural populations, as it aims to extend social protection by guaranteeing that everyone including the poor, food-insecure households, and workers in the informal economy, at least have access to essential health care and basic income security at a nationally defined minimum level (ILO, 2016a).

This paper seeks to support the ‘Universal Social Protection’ agenda, by identifying barriers of access to social protection that rural populations face in order to promote policy and programmatic reforms that can provide effective coverage both in terms of numbers and adequacy. There is some evidence regarding the legal, financial and administrative barriers that impede social protection coverage extension. However, much of the focus in empirical literature and policy debates has been on the implementation and the human development outcomes (e.g. health, education and nutrition) of social protection interventions. There has been relatively little discussion of the barriers to effective coverage of rural populations. Understanding these barriers is essential to develop appropriate policy responses and achieve the social protection-related targets of the SDGs.

This paper discusses the main legal, financial and administrative barriers that hinder rural populations from accessing social protection, including both contributory and non-contributory interventions. It also reviews options to address these barriers, drawing from relevant good practices, assessments of risks and vulnerabilities, and existing policy measures.



A poverty and risk profile of rural populations

1.1. Poverty profile of the rural population

In developing countries, poverty is predominantly - although not exclusively - a rural phenomenon. Out of the 736 million people who lived in extreme poverty in 2015², 79 percent are concentrated in rural areas. The monetary poverty rate in rural areas (17.2 percent) is more than three times as high as that in urban areas (5.3 percent) (World Bank, 2018). Rural areas also lag behind in a wide range of socioeconomic indicators of welfare.

For example, child malnutrition, as measured by the prevalence of underweight in children under-five years of age, is worse in rural areas in virtually every country for which data are available. Three-quarters of chronically undernourished children live in rural areas. Rural areas are also characterized by poor-

² 2015 is the latest year for which poverty data is available at cross-country, comparable level, using as measure the number of people living with less than US\$1.90 (2011 PPP) per day.

quality infrastructure, such as lack of transport, poor Internet, unstable electricity, and insufficient and poor quality public services (ILO, 2016a).

Agriculture and rural poverty are closely related. Most rural communities, especially in sub-Saharan Africa, rely on agriculture as a main source of income (World Bank, 2007). Almost three-quarters of the economically active rural population in sub-Saharan Africa are smallholder family farmers, and many of them are poor or extremely poor (Barrett, 2011). Almost 75 percent of farms in low- and middle-income countries are smaller than one hectare (FAO, 2015).

Furthermore, most of the working poor are employed in agriculture and work in rural areas. The ILO estimates that in 2012, 88 percent of employed people who were extremely poor lived in rural areas, and extreme poverty rates of the employed were four times higher in rural areas than in urban areas (ILO, 2016b). Almost 20 percent of people employed in rural areas were living in extreme poverty, compared with just over four percent in urban areas. These figures are even higher when extreme and moderate poverty rates are taken into consideration.

1.2. Risks and vulnerabilities in rural settings

Identifying the risks and vulnerabilities rural populations are dealing with is important for understanding the barriers to social protection, the challenges faced by existing social protection schemes in covering rural populations, and the need for appropriate rural-adapted social protection approaches. Risks affect many different aspects of people's livelihoods and influence their decisions. Risks influence, for example, how people can build or maintain assets, how these assets are transformed into incomes and earnings, and how these contribute to broader development outcomes (e.g. health and nutrition). When the levels of risk and vulnerability are high, the production and consumption decisions of the poor are inextricably linked. For example, income insecurity may influence consumption decisions. These decisions may include: disinvesting in education and health to spend more on food or more time producing food; producing cash crops instead of food crops; selling off assets; and undermining the natural resource base to sustain livelihoods. These short-term measures often increase vulnerability to future risks.

In this section, risks are discussed mainly in terms of their nature: 1) natural and environmental risks; 2) economic risks; 3) health and demographic risks and shocks; 4) and social risks. This approach, which covers the principal sources of vulnerability, is adapted from the social risk management framework for risk classification that was proposed by the World Bank (2001) and initially developed from Sinha and Lipton (1999). Wherever possible, examples are provided of how the various types of risks affect rural populations, with specific references to agricultural sectors (i.e. crop and livestock production, fisheries and aquaculture, and forestry). Rural areas are diverse, and there are processes related to livelihood diversification to consider when analysing risks and vulnerability. These diversification processes are undertaken by rural people to deal with risk and, at other times, to take advantage of opportunities that arise in the course of rural transformation. Understanding the transformations that are occurring in rural areas is also critical in efforts to extend the coverage of social protection.

1.2.1. Natural and environmental risks

Agriculture, poverty and natural disasters are interlinked. Rural people are heavily dependent on natural resources for their livelihoods. They tend to live in more risk-prone areas and often lack the capacities to withstand the impact of shocks. Severe natural and environmental events (e.g. floods, droughts, pollution, and land degradation), as well as slow onset climatic changes, have significant impacts on crop and livestock production, fisheries and aquaculture, and forestry. These impacts will threaten rural livelihoods and incomes. In the absence of appropriate interventions, such as social protection, it is expected that climate change will push an additional 100 million people into poverty. (FAO, IFAD, WFP, WHO & UNICEF, 2018)

Related to natural and environmental risks is the issue of 'seasonality', which is particularly relevant in areas dependent on rain-fed cultivation, especially in sub-Saharan Africa and parts of Asia. Seasonality is a major contributor to hunger and undernutrition (Vaitla *et al.*, 2009). Dercon and Krishnan (2000) found that in Ethiopia poverty and consumption fluctuated considerably between pre- and post-harvest periods, which led to significant fluctuations in nutritional status. Similarly, Cornia *et al.* (2012) show that in Malawi and Niger, seasonal food-price increases have been a major determinant for child malnutrition. Their study also indicates that these price fluctuations occurred even with relatively abundant harvests due to limited investments in storage at the household and community levels, and insufficient strategic food reserves.

In the different agricultural sectors, natural and environmental risks affect income in a number of ways (e.g. changes in crop production; alterations in the distribution and abundance of fish stocks and the destruction of fishing gear; the loss of rangeland productivity and changes in herd dynamics for pastoralists; and disruption of the production of non-timber forest products).

1.2.2. Economic risks

For rural households there are two main income sources: 1) production-based income derived from agriculture-based livelihoods (e.g. cash from sales of produce, livestock or fish, and other animals and wild products); and 2) labour-based income, deriving from micro- or large-scale enterprise, formal or informal employment (e.g. salary, a daily wage, or returns from informal micro-enterprises). In sub-Saharan Africa, rural people rely more on agriculture for an important share of their incomes, although they may engage in many income-generating activities (World Bank, 2007). With low levels of agricultural productivity, limited access to credit markets, high unemployment and weak labour market arrangements, rural areas that are dependent on agriculture are highly affected by economic risks.

Rural labour markets in developing countries are characterized by the pervasive presence of informal, casual and seasonal employment arrangements, mainly involving self-employed farmers, informal entrepreneurs and family members. Wage employment is often seasonal and carried out under precarious conditions. Rural workers face severe decent work deficits. They are often engaged in poor-quality and low-productivity jobs, work in unsafe and insecure working conditions, earn low incomes, face gender and age inequalities, and lack representation and voice. Due to seasonality, low productivity

and income, many rural people engage in more than one economic activity. They have no single employer or sector of employment.

This structure of the labour market, which heavily conditions the extension of the coverage of social protection in rural areas, is discussed in Section 2. All agricultural sectors are facing similar challenges (see Béné *et al.*, 2015 for fisheries, and Tirivayi *et al.*, 2017 for forestry), and these challenges remain relevant even when the changing nature of work is taken into consideration (see Box 2).

Box 2. The future of work in agriculture

As in many other sectors, traditional agricultural work is being transformed by new technologies and social and demographic changes (Behrendt and Nguyen, 2019). There exists broad consensus that “the productive agriculture of the future will be knowledge and technology intensive” (Jayne, *et al.*, 2018, p. 24). To meet the growing demand of food and meet a number of challenges (e.g. climate change and uneven demographic expansion), it is imperative to ensure the efficient use of land, labour and other inputs through technological advances, and promote social innovation and new business models (FAO, 2017b). In sub-Saharan Africa, for example, sustainable agricultural mechanization is identified as a key strategy to achieve long-term increases in agricultural production. Promoting innovation for increased growth in productivity is critical for countries dominated by small family farmers (FAO, 2017b). Trends call for increased investment in human capital, including skills development of future farmers.

Thanks to advances in digital technology, new forms of work are emerging in rural areas. An example is the ‘platform economy’, which connects customers, producers and providers through a broadband connection, in which the platforms match buyers with sellers or a service user with a provider. Prominent platform economy companies include Alibaba in China and Flipkart in India (World Bank, 2019). In China, rural merchants open e-shops on Taobao.com, creating ‘Taobao Villages’ where they engage in online sales of agricultural products and local specialities. These villages have created over 1.3 million jobs and have attracted young people to go back to their hometowns to start their own businesses (World Bank, 2019). While the platform economy generates new opportunities for flexible work, it also raises concerns around income instability and lack of social protection (World Bank, 2019). Efforts to extend social protection coverage will need to take into consideration these trends and their implications to the evolving nature of work in agriculture.

Food constitutes a significant part of household expenditure. The ultra-poor spend about 65 to 80 percent of their total household expenditure on food (Ahmed *et al.*, 2007). Price volatility, especially hikes in food prices, therefore has a direct impact on household incomes and purchasing power (Kearney, 2010). A price hike generally has more of an impact on poor rural households, especially the landless poor, who are often net food buyers, and farmers who engage in seasonal switching (i.e. selling food after the harvest when food is plentiful and cheap, and buying it when it is scarce and expensive) (Sinha and Lipton, 1999; Zezza *et al.*, 2008). Food price hikes are usually the result of a combination of factors, some of which are related to rural conditions. For example, in remote rural areas with poor transport

infrastructure and limited access to markets, price increases can be associated with the costs related to transport during certain periods of the year (e.g. in the rainy season when feeder roads become less accessible).

In developing countries, rural areas often lack access to markets and financial services. This is considered one of the most important factors affecting the ability of rural people to equitably participate in the economy and benefit from trade. Lack of access to markets and financial services undermines rural development and diminishes the ability of rural populations to withstand shocks.

1.2.3. Health and demographic risks and shocks

Rural people predominantly live in poor areas, which are generally characterized by elevated levels of risks to health, high incidence of disease and environmental hazards. Illnesses and injuries have both direct costs in terms of care and cure and opportunity costs (e.g. lost income). In many circumstances health protection is the first social protection priority for poor and vulnerable people³.

Work in the agriculture sectors is highly hazardous. Approximately 170 000 agricultural workers are killed every year (ILO, 2008). Agricultural work is arduous, hours are long, and workers are exposed to a wide range of risks, including adverse weather conditions. Millions of farm workers are seriously injured in workplace accidents involving agricultural machinery or poisoned by pesticides and other agrochemicals.

Fishing is also a very dangerous occupation. A study by Roberts (2002) shows that in the United Kingdom fishers and crew members are 52.4 times more likely to have a fatal accident at work compared with other workers. Fishers also experience many occupational health problems. An ILO report (ILO, 2000) indicates that fishers suffer from skin and respiratory diseases as well as hypertension, coronary heart diseases and cancer of the lungs, bronchus and stomach. Fishers also have to deal with the harmful consequences of noise and vibrations on their vessels and specific occupational ailments including: salt-water boils, allergic reactions to cuttlefish and weeds, fish erysipeloid (a bacterial infection also known as 'fish handler's disease'), acute tenosynovitis of the wrist ('fisher's tenosynovitis'), conjunctivitis and poisoning from fish stings. Similarly, forest communities are exposed to a range of diseases, pests, animal attacks, forest fires and health risks associated with logging.

In addition to idiosyncratic shocks (sickness, death, injury), rural populations are also exposed to health risks at the group or community level (epidemics). Research suggests particularly high HIV prevalence in fishing and fisheries-related communities, with prevalence levels from 4 to 14 times higher than national averages (Kissling *et al.*, 2005). The prevalence of HIV/AIDS in fishing communities is often associated with transactional sex (fish for sex) in which female fish traders secure their supply of fish from men fishers by making part of the payment in sexual services. This practice has been observed in many developing countries, particularly in sub-Saharan Africa (FAO, 2007; Béné and Merten, 2008).

³ For example Cleeve (2007) and FAO and IRAM (n.d)

Rural areas often suffer from lack of functioning or good quality health care services. Hospitals and health centres are few and far between, and are often short of both staff and drugs. Given the limited coverage by effective health protection mechanisms (e.g. health insurance), out-of-pocket payments for health services often constitute a significant financial risk for rural populations. These payments often push rural households deeper into poverty.

An ILO study (Scheil-Adlung, ed., 2015) shows high disparities in rural-urban access to health care. Globally, the proportion of the population enjoying effective access to quality and affordable health care is significantly lower in rural areas. Fifty-six percent of the rural population have no health care coverage, a percentage that is 2.5 times higher than for urban areas. About 83 percent of the rural population in Africa are not protected by legislation or affiliated with a national scheme. For the rural poor, health is a crucially important economic asset. Health issues and health-related events, which can lead to loss of incomes and high health care expenditures in the absence of health insurance, can be catastrophic for rural people and plunge them deeper into poverty.

Because of the high level of informality in the labour market and the informal nature of employment contracts in rural areas, most rural people are not covered by social security benefits (e.g. disability, maternity, sick leave, pensions). Gender-specific biological vulnerabilities (e.g. events relating to childbearing) may present additional risks for women. In the absence of maternity benefits or employment protection, women run the risk of losing their job or earning less income during or after pregnancy (Lund, 2009). These risks may also force women to return prematurely to work, which has health consequences for them and their children.

1.2.4. Social risks

Some rural communities (e.g. forest-dependent communities) live in remote areas, which contributes to their marginalization and exclusion from key services. Rural areas in developing countries are also often home to ethnic minorities and indigenous peoples. In most cases, these communities (sometimes because of their size) have limited access to social networks of solidarity and support, and rely on traditional systems of reciprocity and risk sharing.

Marginalized castes are likely to suffer additional difficulties and barriers to accessing social networks. Marginalization, which affects many aspects of the lives of rural people, reinforces their vulnerabilities related to a range of factors including: the lack of, or poor access to, public services (e.g. education and health care); difficulties in accessing formal credit; lack of land rights; poor infrastructure (e.g. roads and electricity); exposure to labour abuse; and the lack of vital statistics or data. In forest-dependent communities, marginalization and underrepresentation in leadership may impede community members from participating in local development activities and contributing their voice to policies (e.g. laws on land titling and forest conservation programmes) that affect their livelihoods. In fishing communities, the weak or non-existent political voice of different socio-economic groups contributes to their economic, environmental and social vulnerabilities (Béné, 2009).

For women, gender-specific constraints (e.g. unequal access to productive resources, limited employment and capacity building opportunities, and lack of access to information) are major factors

that create vulnerability. Social norms, especially in rural communities, restrict the mobility of women, hinder their access to employment and limit their social networking opportunities. Other gender-specific issues that contribute to the vulnerability of women in rural areas include: discriminatory customary laws and practices related to ownership of land and other productive assets; unequal roles in decision making at the household and community levels; and unequal rights related to inheritance and marriage. Women experience greater 'time poverty' than men do, especially in rural communities. This time poverty limits their involvement in social networks, education and capacity building activities. In rural communities, women are often involved in the collection of fuelwood and water for household use, which diverts time away from other tasks, such as caring for children or improving family health (FAO, 2014). In remote rural areas that are experiencing forest degradation or drought, women may be required to travel long distances to collect fuelwood or water, which increases their vulnerability to gender-based violence.

Child labour⁴ is a phenomenon that is mostly found in agriculture. About 70 percent of all child labourers work in agriculture. Approximately 110 million boys and girls are engaged in child labour in crop and livestock production, forestry, fishing or aquaculture. They work long hours and face occupational hazards (FAO, 2019). In forestry, children are involved in a wide range of tasks, such as climbing trees for harvesting fruits, collecting honey from beehives, cutting rubber, planting and logging. In fisheries and aquaculture, children engage in a wide variety of activities, including capture fishing and aquaculture, as well as the associated operations (e.g. processing, marketing and other post-harvest activities) and upstream industries (e.g. net making and boatbuilding) (FAO and ILO, 2013). In the livestock sector, which is deeply influenced by history and traditions, the involvement of children is common. While the conditions in which this work takes place vary greatly, much of it can be considered as child labour. Herding, in particular, is an activity that involves child labour (FAO, 2013). These tasks expose children to health and safety hazards. Child labour violates children's rights but also contributes to the perpetuation of poverty. Child labour often impedes normal school enrolment and attendance, which undermines the development of children's skills, reduces their future income and livelihood opportunities and increases their risks and vulnerabilities.

Historically, migration and mobility has been a common feature of rural employment and livelihoods (e.g. crop and livestock production, forestry, fishing and mining). Rural migrants often lack secure access to health care and other social services, and may suffer from marginalization and inadequate integration into local communities. In some cases, migrant (and indigenous) people, including entire families could be subjected to debt bondage, which may involve forced detention and forced labour on agricultural and forestry estates and industrial logging concessions. ILO (2013a) notes that some fishers, mainly migrant workers, are vulnerable to human rights abuses, including forced labour, on fishing vessels.

Migration is an intrinsic part of the structural transformation process of agriculture, in which people move out of agriculture and migrate from rural areas to urban areas. Migration brings benefits and creates opportunities for migrants and their families, as well as for their communities of origin and destination. However, migration may increase, especially in the short term, specific vulnerabilities for the people who stay behind, especially women, children and the elderly, and for displaced populations.

⁴ Child labour is characterized by its likeliness to be hazardous, to interfere with a child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development (FAO, 2013).

1.3. The state of social protection coverage of rural populations

Available evidence shows that there is no systematic documentation of all forms of social protection coverage across rural populations. Based on the limited data available, this section seeks to provide a broad overview of the state of social protection coverage in rural areas. It presents data from different sources with a view of establishing a context for discussions on the barriers to extending social protection to rural populations and options for increasing coverage.

The need for social protection is becoming increasingly recognized, and social protection programmes have expanded rapidly over the past two decades. However the coverage does not extend to the large majority of the world's population, especially the poor who predominantly reside in rural areas. Only about 22 percent of the population of South Asia and sub-Saharan Africa, which are the regions with the highest incidence of extreme poverty, are covered by social protection measures of any kind (FAO, 2015).

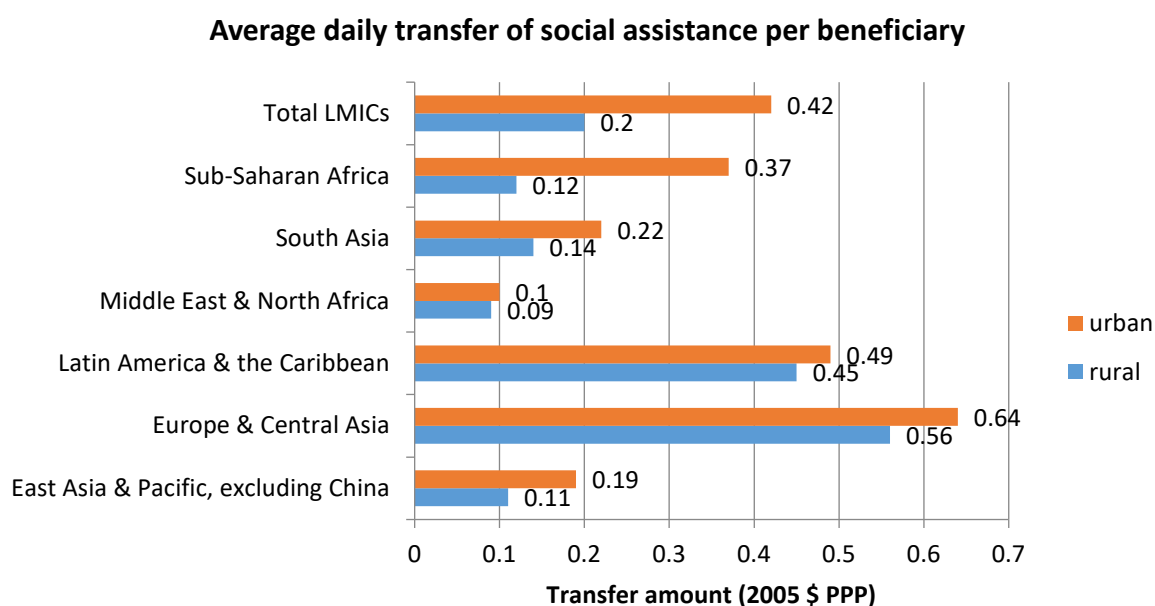
Table 1 shows that in most regions, the share of the population receiving social assistance is higher for rural households than it is for urban households. However, the transfer amount to the rural population is lower (see Figure 1).

Table 1. Share of population covered by social assistance in Low and Middle Income Countries (LMIC) Box

	Share of population covered by social assistance						
	Total population (%)	By residence		Rural, by income quintile (%)		Urban, by income quintile (%)	
		rural	urban	poorest	richest	poorest	richest
East Asia & Pacific, excluding China	39.8	46.8	35.1	60.6	32.1	61.9	16.4
Europe & Central Asia	32.4	39.6	28.7	57.4	24.3	44.7	18.4
Latin America & the Caribbean	34.4	59.1	31.2	72.1	34.9	56.4	11.0
Middle East & North Africa	46.3	41.8	49.6	46.2	35.1	60.2	35.1
South Asia	17.1	26.1	10.7	27.3	16.4	18.4	3.8
Sub-Saharan Africa	18.9	19.9	17.4	21.6	16.4	21.5	10.1
Total LMIC	25.7	30.5	24.5	35.1	20.3	39.6	11.8

Source: FAO, 2015. Compiled from Statistical Annex, table 3.

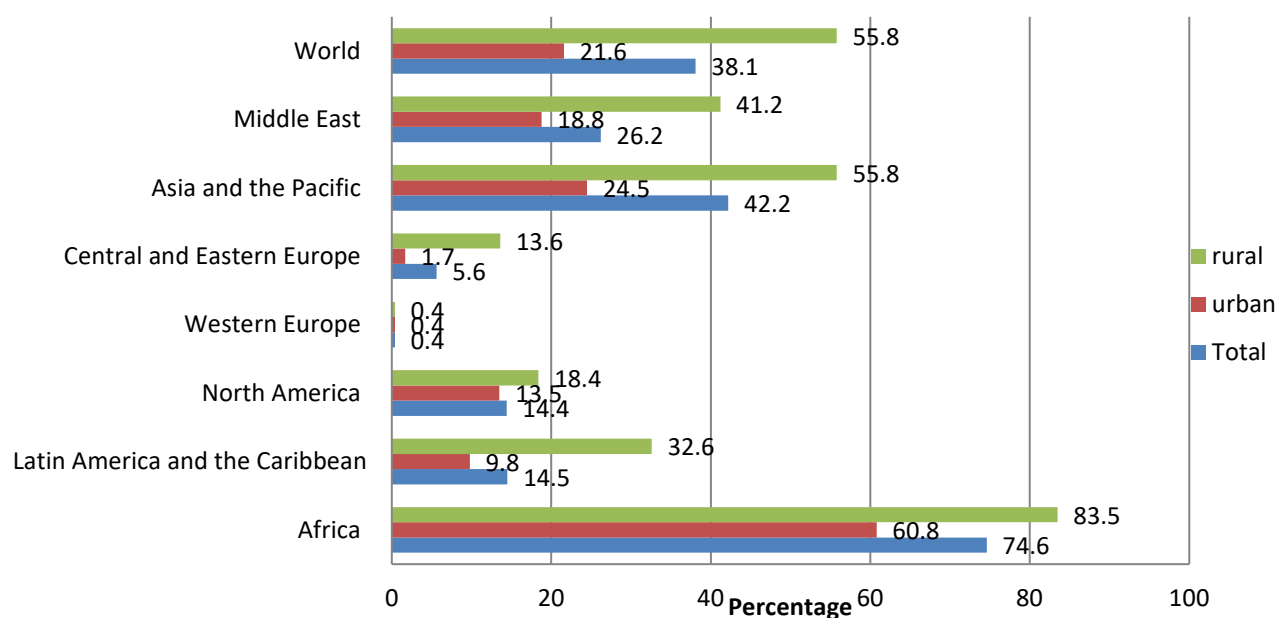
Figure 1. Average daily transfer of social assistance per beneficiary



Source: FAO, 2015. Compilation from Statistical Annex, Table A4.

Social insurance coverage is higher in urban areas across all regions. In all regions, health care coverage of the rural population is lower than in urban areas (Figure 2). Africa has the lowest coverage rate, with as much as 83 percent of the rural population without entitlements to health care.

Figure 2. Population without legal health coverage



Source: Scheil-Adlung, 2015.



Main barriers to social protection coverage extension in rural areas

In spite of the risks people living in rural areas face, the vast majority are not covered by social protection systems. Understanding the barriers that hinder rural people from accessing social protection services and benefits is essential for developing appropriate policy responses that can effectively bridge the gap in terms of the population covered and the types of vulnerabilities and risks addressed by social protection programmes. This paper considers three main barriers to social protection for rural people: legal barriers, financial barriers, and administrative and institutional barriers. All of these barriers pertain both to the supply side and demand side of services.

Key Barriers: Summary

- **Legal barriers:** lack of formal integration of agriculture sector in labour and social security legislation
- **Low contributory capacity of rural people**, including the costs of affiliation and compliance
- **Accessibility of services** (e.g. health care) in rural settings
- **Lack of trust in social security systems** or the perception that benefits are not relevant (e.g. no benefits for crop loss or the impacts of disasters)
- The **structure of social security systems** in rural areas may not be compatible with the instability or seasonality of agricultural employment (e.g. the timeframe for receiving benefits may not be appropriate) and the expansion of these services may entail added administrative complexities
- Information gaps

2.1. Legal barriers

2.1.1. Lack of social protection legislation

Legislation is the basis of rights and entitlement in social protection. However, in practice, this is not always the case. When social protection schemes are statutory (i.e. inscribed in legislation), the laws may indicate the group that is mandatorily covered (e.g. social insurance). The laws may also indicate particular groups that are entitled to a specified non-contributory benefit under certain conditions (e.g. an old-age state pension for people over 60, or income support for children for households with incomes below a specified threshold). An appropriate legal framework establishes entitlements in a clear and transparent way. It also allows people who are entitled to benefits to make claims and obtain redress and protects people against arbitrary or discretionary selection and decisions ensuring access and guaranteeing equality of treatment.

The ILO estimates that in 2013, only one-third of the world's countries had social protection schemes that were established by law and covered all social protection contingencies, as defined in the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102). Non-contributory schemes in particular, which have expanded impressively over the last decade, are not directly anchored in any legislation. There are number of exceptions in the regard, including the *Bolsa Família* in Brazil, and the National Rural Employment Guarantee Scheme in India.

2.1.2. Legal exclusions of certain categories

Many categories of people in rural areas are excluded by law from coverage of contributory social insurance schemes. There are three main reasons for this exclusion; 1) rural populations are explicitly excluded, either due to residence or the sector of employment; 2) rural populations are implicitly excluded due to lack of formal work contracts, which is an issue that is pervasive in rural areas; or 3) rural populations are excluded due to existing thresholds.

Table 2 provides examples of coverage exclusions in contributory social protection schemes. The excluded categories are often under no legal obligation to join social protection schemes, although they are sometimes given the possibility of joining voluntarily. Mandatory affiliation is often prescribed for persons who are specifically targeted in the legislation and expected to be able to comply with the scheme's provisions. Voluntary affiliation openly recognizes that certain segments of the population may not be in a position to fully comply with the provision in the social security legislation (e.g. the requirement to make regular monthly contributions). The self-employed, for example may be allowed to affiliate voluntarily, because of their irregular income circumstances. However, the voluntary affiliation provision rarely provides sufficient incentives to join and tends to further exclude certain categories of people who are not mandatorily covered.

In some countries, the applicable legislation does not cover, or explicitly excludes, workers in the agricultural sectors (e.g. Benin, Djibouti, Iraq, Nicaragua and Yemen). Legislation in other countries place conditions that relate to some agriculture sectors. For example in Saudi Arabia, Sudan and Vanuatu, fishers and foresters are explicitly excluded.

Table 2. Examples of legal exclusions of rural populations for contributory social protection coverage

Country and current law	Examples of legal exclusion of rural populations
Benin (2003)	Excludes agricultural workers and self-employed from social insurance pensions
Saudi Arabia (2000), implemented 2001	Excludes agricultural workers, fishers, household workers, family labour,
Yemen (1991) – social insurance	Excludes casual workers, self-employed persons, agricultural workers, household workers, sailors, and fishers.
Nicaragua (1982) – social insurance	Excludes seasonal agricultural workers.
Iraq (1971) – social insurance	Excludes temporary agricultural employees, Self-employed persons, agricultural employees, temporary employees, household workers, and family labour.
Bahrain (1976) – social insurance	Excludes, certain groups of agricultural employees, casual workers, temporary non-citizen workers
Papua New Guinea (2000) implemented in 2002 – social insurance	Excludes casual workers with employment contracts of less than three months, and household workers. Only establishments with 15 or more employees are entitlement to pension coverage.
India (1952; 1976) – social insurance	Excludes self-employed persons, agricultural workers, and members of cooperatives with fewer than 50 workers. Voluntary affiliation for employees of firms with fewer than 20 workers if the employer and a majority of employees agree to contribute.
Pakistan (1976) - social insurance	Excludes employees of firms with fewer than workers, Voluntary coverage is available for employees of firms with up to five workers, family labourers and self-employed persons
Liberia (1980) - social insurance	Excludes persons employed on any type of boat, casual workers, family labour, household workers
Canada (1956; 1967) - social insurance	Excludes casual workers with annual earnings below 3 500 Canadian dollars are formally excluded from the earnings-related pension.
Djibouti (2002; 2010) – social insurance	Excludes agricultural workers and self-employed persons
Madagascar (1994) – social insurance	Excludes farmers and casual agricultural workers working less than three months a year
Swaziland (1974) – Provident Fund	Excludes casual employees and self-employed persons
Thailand, Work Injury (1994)	Excludes agricultural, forestry, fishery employees and self-employed persons.
Unemployment (2004) - social insurance	Excludes agricultural, forestry, and fishery employees, and temporary and seasonal workers

Lebanon (1963) – social insurance	Excludes temporary agricultural employees, citizens of countries without reciprocal agreements with Lebanon, and self-employed persons.
Sudan (1990) - social insurance	Excludes farmers, and foresters, family labour, and home-based workers
Gambia (2010) – social insurance	Excludes casual workers and self-employed persons
Vanuatu (1986) implemented 1987 – social insurance	Excludes temporary workers in agriculture and forestry with employment contracts of less than two months
Jamaica (1965) – social insurance	Excludes casual workers
Guyana (1969) – social insurance	Excludes casual employees and family labour
South Africa (2001) – social insurance	Employees working for less than 24 hours a month, including seasonal workers

Source: Author's compilation based on SSA and ISSA (2015a, 2015b, 2016a and 2016b). Current applicable laws in parenthesis.

Existing legal provisions tend to exclude workers in casual, seasonal or temporary employment arrangements. As many rural jobs fall under these categories of employment, rural workers doing these jobs are effectively excluded from current social insurance legislations for pensions in all regions (although they might be covered by other non-contributory benefits). In Africa, this is observed in Gambia, Liberia, Madagascar and Swaziland; in Asia and the Pacific, in Papua New Guinea; in the Middle East, in Bahrain and Yemen; and in Latin America and the Caribbean in Guyana and Jamaica. Similar exclusions of seasonal and casual workers are also observed for unemployment benefits (e.g. Egypt and Thailand).

Legal minimum thresholds regarding the duration of an employment contract, working hours or covered salaries also effectively excludes many casual, seasonal or temporary workers in rural areas. In Madagascar farmers and casual agricultural workers working less than three months a year are excluded. In Vanuatu, temporary workers in agriculture and forestry with employment contracts of less than two months are also excluded. In Algeria, only certain categories of fishers with earnings of at least half the legal minimum wage are covered (SSA and ISSA, 2015b). In South Africa, only employees working for more than 24 hours a month are included. In the Republic of Korea a minimum of 60 hours a month, or less than 15 hours a week, is required. These restrictions have impacts on the social protection coverage of rural populations.

Related to these legal minimum thresholds is the legal threshold for the number of employees a business must have to qualify for affiliation to a social protection scheme. In many countries, social protection laws do not cover businesses with small numbers of employees, thereby leaving their employees unprotected. Some employers may also exploit the minimum employee threshold provision by opting to employ casual workers. Traditionally, the threshold regarding the number of employees was based on the rationale that larger enterprises are more likely to be able to honour social protection obligations. In

rural areas, many enterprises, which often have small numbers of employees, are therefore effectively excluded. In Liberia and Pakistan, employees of firms with fewer than five workers are excluded from pension coverage. In Nigeria and Papua New Guinea, the limit for entitlement to pension coverage is fixed at 15 or more employees. In India, compulsory coverage by the Employees' Provident Fund is restricted to employees in firms with at least 20 workers in selected industries.

Table 3 suggests how some of the legal exclusions (e.g. nature of contract, size of enterprise) lead to coverage deficits in rural areas. Rural workers often hold temporary jobs with no contracts and are affiliated with private small-sized enterprises. Everywhere, the rate of affiliation for non-permanent employees to contributory pensions is lower than for permanent employees. Nearly 80 percent of employees with a permanent contract are currently contributing to a pension scheme, compared with just over half (51 percent) of the employees with temporary contracts.

Table 3. Affiliation to contributory pension schemes by employment arrangement

	Affiliation by type of contract, % employees			Public/private				Size of enterprise		
	Permanent	Temporary	No contract	% employees Public	% employment Private	% employees Public	% employment Private	% employment < 10 workers	10 – 49 workers	50+ workers
Middle East and North Africa	85.1	43.7	9.0	88.7	19.7	88.7	13.6	18.9	62.5	83.9
Sub-Saharan Africa	69.0	26.0	12.7	70.9	18.3	70.3	4.6	3.3	41.2	51.6
Latin America and the Caribbean	91.7	62.2	16.2	89.7	59.5	89.6	43.1	19.2	61.6	78.6
Developed Economies & EU	88.3	76.9	-	94.5	90.5	94.5	86.0	79.4	86.4	73.3
Europe* (non-EU) and CIS	83.9	31.0	3.7	88.9	52.2	88.0	39.8	39.3	82.9	93.4
Asia and the Pacific	75.0	49.2	20.5	65.5	28.0	65.5	18.4	19.6	36.9	50.4
Total	78.3	51.0	18.8	73.8	41.0	73.7	31.2	29.9	49.4	60.8

Source: ILO (2015a, adapted from Annex D)

* Central and South-Eastern Europe, CIS = Commonwealth of Independent States

Many schemes also legally exclude informal international or internal migrant workers due to a citizenship requirement or the lack of portability provisions. The lack of residency status and absence or insufficient recourse to legal remedies exposes migrant workers to exclusion from social protection. In countries with large internal migrant populations, this can pose severe challenges to achieving effective coverage (Hopkins *et al.*, 2016). In China, for example, the health insurance scheme for the urban population only covers workers who have permanent residence permits. Deshingkar (2006) suggests similar conditions

prevent internal migrants from gaining access to government entitlements. The lack of portability of contributory social insurance schemes affects legal migrant workers who contribute to social security schemes in their host country, but who, in the absence of bilateral agreements, often return to their country of origin without being able to claim their benefits (Sabates-Wheeler and Waite, 2003).

In some countries, international migrant workers are explicitly excluded, or are covered only on condition of reciprocity or portability of contributory rights (ILO, 2013b; van Ginneken, 2013). Portability of benefits is guaranteed either through bilateral agreements between states or multilateral agreements. Around a quarter of all migrants move between countries that *do* have these types of agreements in place. However, when disaggregating the country of origin and destination, the situation appears much differently. While 90% of migrants moving between high income are covered by these agreements, as little as 1% of migrants between low income countries, and 17% of migrants from low and middle income countries to high income countries are covered by agreements allowing for portability of benefits. In the absence of portability of benefits, access to social protection may or may not be ensured by the host country, depending on eligibility requirements of national social protection systems (Hagen-Zanker, 2017).

Even where certain segments of the population are not explicitly excluded, there are additional factors that might disadvantage workers in non-standard employment, especially rural workers in informal employment arrangements. These factors produce partial legal exclusion or ineligibility, in which certain groups of employees (e.g. temporary or part-time and the self-employed) face stricter eligibility conditions or lower levels of benefits than are stated in the law. For example, legal rigidities around contribution payments (e.g. the obligation of the self-employed to pay both employer and employee contributions; the frequency and timing of payments; the long period of contribution required to accrue rights and entitlements to some benefits; and the waiting periods for health and employment injury benefits) may not appeal to rural populations with irregular employment and income, and present barriers to effective coverage.

The range of social protection services provided may also not be inclusive or adequate. In many developing countries the most comprehensive scope of coverage of existing schemes is for old age (retirement), invalidity and death (survivors). In Africa, only Algeria, Egypt, Mauritius, Morocco, Seychelles, South Africa and Tunisia (SSA and ISSA, 2015b) have unemployment insurance schemes. The limited menu of social insurance provisions may not appeal or provide incentives for rural and agriculture sector workers. For them, protection in case of seasonal unemployment or crop failure, for example, may be more relevant and a greater priority.

2.1.3. The case of non-contributory schemes

Non-contributory schemes require no direct contribution from beneficiaries or their employers as a condition for receiving benefits. Non-contributory schemes are usually financed through taxes or other state revenues. Non-contributory schemes include:

- social pensions paid to the elderly;

- cash transfers to poor households, and cash transfers to all or only poor households with children, which may be conditional (e.g. based on school attendance or participation in preventive health programmes) or unconditional;
- benefits aimed at specific groups (e.g. persons with disabilities, orphans and other vulnerable people).

Non-contributory schemes have expanded significantly over the last decade. Non-contributory old age pension schemes are usually legislated, as 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. However, with few exceptions, such as the *Bolsa Familia* in Brazil and the National Rural Employment Guarantee Scheme in India, most non-pension social assistance schemes in developing countries are not anchored in any legislation. As a result, the legal barriers for these schemes lie in the absence of regulation allowing citizens to claim and enforce their rights, and hold the government accountable for them.

There may also be explicit legal barriers related to age and residency. In every region in the world, the rural population is aging, and consequently these barriers can have specific implications for rural people. In addition, many rural people need to be mobile because of the nature of their livelihoods. In Lesotho, for example, the qualifying age of 70 years and above for a pension, excludes a large number of people younger than 70 years who are unable to work or have no other means of income. As a reference, legal retirement age for public and private employees in the country is 60 years. In Mauritius, the old age pension is payable to persons aged 60 years or over, subject only to minimum residence requirements of 12 years from age 18 for citizens, and 15 years from age 40 for non-citizens. In Botswana, the old age pension is only paid to citizens aged 65 and over who are registered with the Department of Social Services.

2.2. Financial barriers

Irrespective of the mechanism adopted – contributory or non-contributory schemes, or mixed approaches – accessing social protection in rural areas may have financial implications, either in terms of direct costs or opportunity costs at the national, institutional and individual level. Financial costs can create barriers or disincentives to extending coverage both on the demand side and supply side.

2.2.1. Low contributory capacity

Some evidence indicates that in contributory social insurance, the financial cost of social protection may be unaffordable both for employers and employees, and this can act as a disincentive or barrier to social protection coverage. In contributory social insurance (especially employment-based schemes), schemes are mainly financed through contributions from the employer and employee. Smallholder farmers in particular tend to have low contributory capacity because of their low, erratic and seasonal incomes or earnings. As a result for most of the year, they cannot afford to make contributions. Because of these liquidity constraints, rural people may give greater priority to other risks that are perceived as more pressing than, for example, contributing to their pensions. Perry *et al.* (2007), show that around half of the informal self-employed in the Dominican Republic and one-third in Colombia opted out of health

insurance because they could not afford it. About a quarter of informal salaried employees in Bolivia and 56 percent in Colombia cited low income as the main reason for non-affiliation with a pension plan. Low incomes have also been a barrier to uptake of community-based health insurance schemes. In Uganda the inability to pay premiums was found to be the foremost obstacle to increasing uptake (Basaza *et al.*, 2008). In Rwanda, any contribution to community-based health insurance greater than one US dollar per year would exceed the monthly income of the poorest segment of society and was found to lead to exclusion, mostly in rural areas (Schmidt *et al.*, 2006). Liquidity constraints may lead very poor workers to view saving for their retirement as unaffordable or resort to other informal arrangements, such as investing in a microenterprise that may be sold upon retirement (Perry *et al.*, 2007).

Since in rural areas, a large share of the workforce is self-employed, or in informal employment arrangements, affordability for the beneficiaries themselves is a major issue. However, for people employed in agriculture, barriers still persist. Often the employer's contribution is higher⁵ – as much as double that of the employee – and, depending on the size and nature of the enterprise, can represent a significant part of labour costs. Small- and medium-scale farmers and micro-enterprises in rural areas may face particular difficulty in meeting these costs. Financing social insurance through payroll contribution may widen the social protection coverage gap by creating disincentives for the creation of formal sector jobs, since employers may consider these contributions as a tax (Perry *et al.*, 2007). In Colombia, for example, a 10 percent increase in payroll taxes lowered formal employment by between 4 to 5 percent. Similar results are found in Pagés *et al.* (2013) and Betcherman *et al.* (2010). Packard (2002) shows that higher payroll taxes for social security are associated with lower numbers of social security contributors in the workforce.

Price and affordability also remain a major issue for uptake of agricultural insurance products⁶. For farmers whose cash flow is often constrained, as is the case for most farmers in low-income developing countries, putting up significant cash now for an uncertain benefit later maybe pose a significant barrier to uptake. Studies in Malawi (Giné, 2009) and India (Cole *et al.*, 2013), show that uptake for social insurance was price sensitive and farmer participation rates fell to as low as 20 to 30 percent. In addition, the adopters hedged only a very small fraction of their agricultural income. Giné and Yang (2009) found that demand for rainfall-indexed insurance in Malawi is positively correlated with smallholder maize producers' wealth. Evidence suggests that with very low incomes, index insurance has been successfully implemented under conditions where the insurance is free or heavily subsidized, or the insurance is offered along with other benefits, such as subsidized credit and technical assistance (Carter *et al.*, 2014). Carter *et al.* (2014) also suggests that if insurance premium payments can be adjusted to the farmer's income then demand would be higher. For example, if insurance is combined with credit, the cash flow constraint may become much less onerous for farmers.

Low financial capacity is also a limiting factor for rural people in gaining access to rural institutions. Rural institutions and organizations are important for improving rural livelihoods, food security and adaptive capacity. When rural poor family farmers, fishers, livestock and forest users act together they can negotiate their rights, reinforce their capacities, participate in decision-making and benefit from wider social and economic opportunities. Some rural institutions provide social protection functions. For

⁵ See SSA and ISSA (2016b, Table 4).

⁶ Agricultural insurance schemes can indeed fall into the contributions-based category of social protection if the insurance products are tailored and adapted towards low-income groups (Wiechers, 2013).

example, in Ethiopia, as much as 77 percent of rural households participate in various types of *iddir* (Viganò *et al.*, 2007). The *iddirs* whose traditional role was to help members during bereavements and other difficult times, are now serving other functions. As a study by Abay *et al.* (2014) shows, the *iddir* is helping to increase the number of households with improved access to land, labour and credit markets by between 7 and 11 percent. However, affordability may deter access to these informal rural institutions. Aredo (2010), for example, suggest that affiliation with *iddirs* could be unaffordable to poor rural households (although there are possibilities of contribution waivers). Generally, membership to cooperatives, for example, is determined by the producer's direct contributory capacity and other factors (e.g. farm size and harvest).

2.2.2. Irregular and unpredictable incomes

The nature, unpredictability and irregularity of incomes of rural workers create financial barriers to accessing social protection, especially contributory schemes. Traditional social protection contribution assessments rely on shares of cash income for calculating and collecting contributions. However, part of the income received by farmers, or agricultural workers in general, is non-cash or in-kind, and takes the form of goods and services. For example, calculating and collecting the appropriate contribution for a herder whose flock increased by 10 sheep, a farmer who received farm inputs or subsidies, or farm worker who received housing and a share of the harvest, is more complex than it is for a salaried worker. This can make contributing to social insurance a challenge.

Even if a flat-rate contribution amount is imposed on all agricultural workers, which would remove the need to calculate an individual worker's income, there will still be problems of equity and hardship. There are wide variations in income, both among workers and over time. For example, smallholder farmers may obtain only subsistence production from their land. Furthermore, all farmers face financial fluctuations due to seasonality, bad weather, insect pests or changes in market prices. This fluctuation makes imposing flat contribution rate regressive and burdensome for some, and leads to inadequate coverage of others. Odeyemi (2014) shows that in Nigeria, flat contribution rates were considered regressive and a barrier to increasing coverage for the poor in community-based health insurance schemes.

Seasonal and casual work, or interruptions in agricultural employment, also mean that workers are not always in the position to contribute to schemes that require regular payments at specified times. Barrientos and Lloyd-Sherlock (2002) show that in Chile, temporary agricultural workers who were only employed for a few months in a year could not afford to join the health insurance scheme, which required consistent monthly payments, until it was changed to allow for flexible payment modes and subsidized pillars.

2.2.3. Costs of affiliation and demonstrating compliance

For non-contributory schemes, financial barriers relate mainly to transaction costs associated with the benefit (e.g. enrolment, collecting payments) and demonstrating compliance (e.g. in the case of conditional cash transfers). These costs, if sufficiently large, may reduce a programme's net benefit to the recipient or discourage eligible people from participating altogether. Evidence on costs is rarely quantified systematically and seldom reported in internationally comparable ways. However, in Armenia, for example, Gomart (cited in World Bank, 1999) found that the reasons for not registering for social

protection benefits included the inability to pay the bus fares and sometimes the under-the-table payments required to put all the necessary documentation in order.

The indirect financial costs (and sometimes the opportunity costs) associated with demonstrating compliance for conditional cash transfers or public work programmes may impose financial barriers to programme uptake and lead to exclusion. Similar opportunity costs are observed for public works programmes. The lost income from not being able to pick up odd jobs or be self-employed while on a public workfare job constitutes the private cost of participation, and can often represent as much as a quarter to half of the benefit.

2.3. Administrative and institutional barriers

In many developing countries, a common barrier to expanding social protection is low administrative capacity and limited budgets. These constraints are even more severe in rural areas due to their remoteness and low population density; the high mobility of the population; the pervasive informality of labour arrangements; and the relatively higher presence of disadvantaged groups, including indigenous groups. A major problem to consider is that there may be lower levels of registration (identification) among the rural population, with population registries being out-dated or incomplete. All this makes it more difficult for service providers to identify, reach and serve rural people, and for rural people to have the information needed to access available services.

2.3.1. Low administrative capacity

Social protection schemes often rely heavily on administrative processes. Strong administrative capacity on the implementer's side is required for doing effective outreach, completing registrations, carrying out selections, keeping records, collecting and recording contributions, generating payments, monitoring compliance, processing claims, and controlling for error, fraud and corruption. The scope of administrative procedures depends on a number of factors, including the size of the scheme, the target population, 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 extend social protection to rural workers (ILO, 2016a). In the case of social insurance, this problem is exacerbated by the dependence of the social protection administration on the mutual cooperation of both the insured and the employer in the registration process and the accurate and regular provision of the necessary data. In the informal economy, for example, many developing countries face serious problems in identifying, registering, educating, persuading and monitoring persons and businesses to ensure they comply with labour regulations, despite the existence of legal entitlements to social insurance (ILO, 2002).

Reaching out to rural communities, where many workers often are dispersed with erratic incomes, is particularly challenging. In addition, monitoring the implementation of their rights and making their membership to social protection financially sustainable is often administratively difficult in terms of outreach, registration and general service delivery, and presents one of the main challenges to extending social protection (Hassim and Razavi, 2006). Chatterjee (2005) indicates that to effectively cover informal

workers, additional administrative capacity is required. This is partly due to the low levels of formality in employment arrangements and the high turnover of temporary, casual and seasonal workers that characterize work in informal and rural settings. Governments may be unwilling or unable to assume new and potentially costly administrative commitments (ILO, 2002).

The lack of documentation partly accounts for the barriers posed by the administrative procedures and institutional requirements for social protection registration. In rural areas, especially in Asia and Africa, vulnerable groups, particularly women, the elderly and children, do not have national identification. The lack of documentation creates an additional administrative barrier for service providers who must account for and reach these people. It also presents a barrier for people who may want to gain access to social protection services and benefits for which the first requirement is often the presentation of a form of identification. Lack of documentation can have other serious consequences. For example, it can render rural people vulnerable to exploitation by employers because they are unable to seek legal redress, and prevent them from accessing basic public services.

Constraints in administrative capacity have also led to poor enforcement of provisions regarding social protection coverage. Appropriate implementation and enforcement mechanisms are necessary to ensure the proper administration of social protection institutions and services (Schmitt and De, 2013). In particular, lack of enforcement may lead employers to evade certain social protection costs. For example, maternity protection and employment injury are traditionally covered as an employer liability in many countries. Employer liability provisions place the economic costs directly on the employer. In the absence of proper employment arrangements in rural areas, most rural women may be excluded from maternity protection to which they might be entitled by law (ILO, 2015b). Employer liability for maternity may also create incentives for employers to discriminate against women during recruitment. Hampel-Milagrosa (2011) shows that in Ghana, for example, formal employers tend to discriminate against women because of the cost of maternity leave benefits.

For women, additional administrative barriers arise from the conditions under which benefits are accessed. For example, in public work schemes without childcare provisions, women with children tend to participate less than men. Low administrative capacity of service providers may also lead to late and irregular payments that create an additional barrier for poor rural women (Ulrichs, 2016).

More broadly, ineffective implementation of programmes results in lack of trust in the system and undermines uptake. For example, trust or confidence in the services provides has been found to be a key determinant of uptake for index-based agricultural insurance. Cole *et al.* (2013) show that farmers who heard an endorsement of an insurance product from a trusted third party were 40 percent more likely to use the product than farmers who heard no endorsement. Lack of trust is also a factor in explaining the low uptake of community-based health insurance (Basaza *et al.*, 2008; Odeyemi, 2014)

2.3.2. 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 high administration costs for operating social protection institutions may create barriers to coverage in rural, remote and hard-to-reach areas.

For contributory schemes, it is easy to adopt the view that the contributions to be collected from remote areas may not be worth the administrative cost. An ILO study in Zambia (Phe Goursat and Pellerano, 2016) indicates that the number of offices in the country capable of serving populations in remote rural areas are not sufficient to make contribution payment costs effective and rapid. For many workers in remote rural locations, the lack of programme-authorized health facilities (e.g. for health insurance) makes the choice of opting into the system untenable, even if they would otherwise be inclined to be affiliated with a social security system (Perry *et al.*, 2007). The lack of availability of the basic amenities associated with social security places the costs of contributions well above the benefits. In Mexico, for example, the remoteness of millions of workers in rural areas is considered a major barrier in accessing health care facilities and participating in the conditional cash transfer programme *Progesa* (Levy, 2006).

2.3.3. Administrative procedures and processes

In the formal sector, time spent on social protection administrative procedures and processes are standardized. However, for rural workers in precarious and informal employment arrangements, time spent in registration processes and queuing for benefits can translate into income losses resulting from missing work or temporarily closing a small business. These procedures and processes can also constitute barriers in themselves, as low levels of educational attainment, low levels of information and low confidence can lead many potential participants to exclude themselves from obtaining benefits. Administrative procedures can pose barriers to accessing social protection programmes by deterring people from enrolling or imposing high opportunity costs on their participation (Basaza *et al.*, 2008; Odeyemi, 2014).

2.3.4. Awareness and knowledge

Limited awareness or knowledge of social protection programmes (e.g. information on their specific eligibility criteria, objective and reach) also limits access. This is true not only in rural areas, but it is a particularly important consideration for rural people.

First of all, distance to information points (e.g. government offices) constitutes a barrier for rural people in obtaining the information related to their rights and entitlements regarding social protection. The type of information available may sometimes not be adapted to literacy levels in rural areas. Higher poverty and isolation also create psychological barriers that hinder not only access to information about social protection but also awareness about rights and entitlements. Lack of information about programme benefits may lead participants to deliberately opt out because they believe the opportunity costs outweigh the potential advantages (Basaza *et al.*, 2008; Odeyemi, 2014; Perry *et al.*, 2007; Phe Goursat and Pellerano, 2016).

Another related barrier is linked to the inadequacy of benefits to the perceived needs of rural communities. Existing programmes and benefits, particularly regarding social insurance, may be designed without taking into account the specific nature of agricultural work, which may be irregular, seasonal and hazardous. As a result these programmes offer little value to workers in the agricultural sectors.

For social assistance, the irregularity, unpredictability, the perhaps low levels of payment and high administrative costs can represent a barrier because these payments and costs do not deliver benefits that match the needs of rural people.



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Options for extending social protection coverage to rural areas

In many countries, social protection systems have evolved and expanded considerably in recent years. Different types of schemes and programmes have emerged, including taxed-financed universal schemes or targeted schemes, contributory schemes, which, in the best cases, are supported by stronger policies and more efficient administrative tools. However, as mentioned throughout this report, there are some instances where the needs and particular situations of the rural population have not been taken into account.

In order to address the previously described barriers, this section draws on successful international experiences to propose options to expand coverage of social protection schemes to rural areas, either through the adaptation of existing schemes or through the establishment of specific schemes.

3.1. Adapting existing schemes to the needs of rural population

There is consensus that many of the existing social protection systems need to cater more effectively to rural populations. Inappropriate design issues include: legal exclusions; contribution rates that are not adapted to the contributory capacity; payment mechanisms that are not adapted to the characteristics of rural populations; mismatches between the benefit package and perceived risks; and a lack of coverage of the social protection priorities and needs of rural individuals.

To extend coverage, existing schemes could be modified to accommodate the social protection needs of rural populations. The examples below, which are certainly not exhaustive, demonstrate measures aimed at addressing barriers to coverage extension.

3.1.1. Defining and adopting inclusive legal frameworks

In many countries, measures are being put in place to amend legislations in order to specifically include rural populations. These amendments allow rural people to participate in existing schemes, either voluntarily or through mandatory provisions, by providing necessary incentives and facilities.

In 2006, the Viet Nam Social Insurance Law expanded the coverage of the pension system to farmers and the self-employed on a voluntary basis. Since 2005, all enterprises irrespective of size are obliged to register, whereas, previously the compulsory coverage was restricted to enterprises with ten or more employees.

Before 2010, China operated two main social protection schemes: health insurance and old-age pension schemes for rural or urban residents (SIR) and the Social Insurance for urban Workers (SIW). In 2015, China's large rural migrant workforce was about 277 million people, representing 35 percent of the national labour force. Migrant workers were only covered by the SIR, which offered lower levels of protection compared to the SIW. Consequently, many rural migrant workers did not enjoy adequate social protection coverage.

To address this, a new Social Security Law was enacted in 2010 that authorizes rural migrant workers in urban areas to be registered by their employers under the SIW. Today, as a result of the inclusion of rural migrant workers in the SIW and the extension of coverage under these two schemes, rural migrant workers are better protected. Out of the 277 million rural migrant workers in 2015, around 80 percent were covered by the old-age pension schemes, either for urban workers or for residents, and over 95 percent were covered by health insurance schemes, either for urban workers or for residents. All poor rural migrant workers are also entitled to a minimum living standard guarantee called *Dibao*. It is important to note that extensive coverage of the migrants was feasible because of large government subsidies for those who had no formal employment or were self-employed (ILO, 2016c).

3.1.2. Introducing flexible contributions and payment arrangements

In 1991, Brazil's Rural Pension Scheme, formally a contributory scheme, introduced the category 'specially insured persons' that offers special treatment to rural and agricultural workers. Under this category, contributions are collected on the basis of the value of their commercialized produce. The differentiated treatment resulted in significant extension of social protection coverage among agricultural workers, achieving 79.8 percent coverage in 2008 (Duarte Barbosa, 2011).

As part of the reforms initiated in 2009 by the National Social Welfare Institute in Cabo Verde, contribution systems based on income categories were implemented, leaving some flexibility for workers to choose which category to contribute to (Durán-Valverde *et al.*, 2013).

3.1.3. Introducing subsidized pillars or contributions

A subsidy to cover the contributions on behalf of a certain population segment is one way for achieving greater population coverage. These interventions help ensure that people with low contributory capacity, such as the rural poor who cannot afford regular payments, are nevertheless covered. Durán-Valverde *et al.* (2013), show that in Costa Rica, the subsidization of contributions of low-income independent workers increased coverage rates to 60 percent for health insurance and 44.8 percent for pensions. In the Philippines, the Health Insurance Corporation (PhilHealth) also subsidizes contributions for certain population groups as a way of expanding coverage. In Argentina, the Monotax allows for the subsidization of social security contributions for individual independent workers and owners of micro-enterprises by incorporating low-income people into pension and health benefit schemes. In developing countries, similar increases in coverage due to contribution subsidization are reported in community-based health insurance schemes and agricultural and crop insurance. Community-based health insurance schemes in Rwanda have subsidized the contributions for the poor and vulnerable, which has contributed to extending coverage to otherwise excluded groups (ILO, 2016a).

More broadly, mixing tax-based and contribution-based financing mechanisms will be crucial to achieve universal coverage. In many cases, initiatives in this area will require strengthening tax systems and broadening the tax base (Behrendt and Nguyen, 2019).

3.1.4. Reforming administrative procedures towards simplification and digitalization

Administrative reforms should explore innovative options for streamlining registration, contribution collection, and the processing of benefits and payments to minimize the transaction costs for poor rural participants. The Monotax in Uruguay has introduced a mechanism that has streamlined administrative procedures. In Uruguay, informal sector and workers in rural areas were excluded from social security coverage mainly due to an inadequate legal framework (e.g. restrictions regarding the types of enterprise and places of activity that were covered) and cumbersome administrative procedures.

In 2001, the Monotax was introduced as an instrument to help formalize the informal economy and reduce the number of independent workers excluded from social protection. The majority of these workers are informal and rural sector workers with limited turnover and small commercial activities. The Monotax is a combined tax and social security contribution collection method designed to simplify registration, the collection of contributions and the provision of services.

It also aims to address the issue of low contributory capacity of informal economy workers. For example, pension insurance contributions were applied gradually over three years to new companies to meet the contribution rate. In 2011, the social Monotax was also established for single-person enterprises, especially targeting individuals in households below the poverty line or socio-economic vulnerable. By streamlining administrative procedures and tackling the issues of low contributory capacity, the Monotax has proven to be an effective tool for the extension of social protection to informal and rural economy workers, especially women (ILO, 2014).

3.1.5. Introducing components into existing schemes to make them more relevant for rural populations.

Rural people may have more incentives to join existing social protection schemes if these schemes insure against risks or events that represent significant financial burdens in rural areas. Examples of schemes that could have behavioural impacts or nudge effects include: funeral grants, education grants or loans for higher education, medical insurance, maternity insurance in place of employer liability arrangements, agricultural insurance and unemployment benefits. Given the generally low savings capacity in developing countries, these risks or events represent catastrophic household expenditures that can cause vulnerable households to drift deeper into poverty. In cases where households save, whether through financial instruments or in other forms (e.g. cattle, trees, land), these savings are mainly held against the events and risks highlighted above. Social protection options that take these risks and events into account could potentially maximize uptake.

3.1.6. Innovative institutional arrangements and partnerships with rural organizations

Addressing the low administrative capacity of government agencies and service providers to extend services and benefits to the rural communities may be done by building on existing rural institutions and networks. Because rural organizations are close to rural populations, they can play a variety of roles in delivering social protection services to rural people. They can often provide services directly to their members, for example through contingency funds, and savings and loan schemes. These organizations can represent the rural poor and advocate for their needs, and influence policy design and implementation strategies. They can also support the implementation of social protection policies and programmes. For example, some tasks, such as outreach, the selection of beneficiaries through community targeting (e.g. Ethiopia, Lesotho, Rwanda, Zambia), registration, the distribution of benefits, and activities related to monitoring and evaluation processes can be outsourced to these existing rural organizations (Vinci *et al.*, 2016).

3.2. Establishing special schemes that respond to the needs of different segments of the rural population

When existing social protection systems are too rigid to allow for the integration of the rural population, or the provision of services and the delivery of benefits is not sufficient to respond to the particular needs and characteristics of the rural population, special schemes - both contributory and/or non-contributory - could be established.

It is important to note that the establishment of new schemes focusing on specific segments of the population or addressing certain aspects of vulnerability does not necessarily or automatically translate into greater uptake or expanded coverage. Barriers can be readily replicated in certain settings. For example for cooperatives or schemes for agricultural workers, there is a strong possibility that only affluent farmers may have the capacity to join and contribute. It should be noted that special schemes can exacerbate fragmentation in the social protection system and limit the potential for risk pooling. In cases where it is not possible to ensure coverage of rural populations through the adaptation of existing

schemes, it is important to think about how special schemes can be linked to existing schemes, or possibly be integrated with them at a later stage.

3.2.1. Social insurance schemes

A few countries have made great progress in extending the coverage of social insurance through the creation of specific schemes for rural people. An important example is China's social insurance for the elderly and health insurance schemes. There are other examples, particularly regarding health insurance extension area, where significant progress has been made towards the goal of universal health coverage. Finally, a category of insurance that is particularly relevant for rural people is agricultural insurance. In many cases, agricultural insurance may fall under financial services rather than social protection. However, given its relevance for rural people, the vast majority of whom depend on agriculture and natural resource management for their livelihoods, this paper will present noteworthy cases of agricultural insurance schemes. These schemes can fall into the contributions-based category of social protection if the insurance products are tailored and adapted towards low-income groups (Wiechers, 2013).

Before 2002, only 10 percent of China's rural workforce was covered by social insurance. The Chinese government has taken dramatic measures to ensure that the rural population has access to a public old-age pension and have a minimum old-age income. In 2004, a revision of the constitution introduced a key provision (Article 45) asserting the people's right to social protection and the role of the state in developing social assistance, social insurance and health services to realize this right. This was followed by the establishment of the New Rural Pension Scheme, which was later merged with the Urban Residents' Pensions to form the Residents' Social Insurance Pension Scheme. The New Rural Pension Scheme started being piloted in 2009 as a combination of individual accounts and social pooling financed by government revenues. The Ministry identified a lack of capacity as a major challenge that needed to be addressed in order to roll out a system for rural pensioners. It sought support from development partners including the ILO and the United Nations Development Programme (UNDP), the World Bank and the Asian Development Bank, as well as bilateral cooperation, particularly with the Japan International Cooperation Agency (JICA). Through these reforms, the number of insured people in rural areas increased tenfold to around 500 million in 2014 (Stepan and Lu, 2016).

Social health protection⁷ aims for universal access to affordable, available, adequate quality health care, and offers financial protection in times of illness, injury and maternity. Measures undertaken in China, Ghana, India, Mongolia, the Philippines, Rwanda, Sierra Leone and Thailand, provide innovative examples for extending social health protection to all, especially rural areas. To enhance coverage of the poor, many of the innovations have included mechanisms to address the low contributory capacity of poor rural workers and informal sector workers.

In 2002, China launched two separate schemes, the rural New Cooperative Medical Scheme (NCMS) and the Medical Assistance Scheme (MAS) to provide medical security to rural residents and the poor. The

⁷ The ILO defines social health protection as a series of public or publicly organized and mandated private measures against social distress and economic loss caused by the reduction of productivity, stoppage or reduction of earnings, or the cost of necessary treatment that can result from ill health (ILO, 2008).

NCMS provides reimbursements for health expenditures for inpatient care, outpatient service, some selected catastrophic diseases, childbirth in institutional settings and physical examinations. By the end of 2009; the enrolment rate of the NCMS was 94 percent of the target population and about 62 percent of the entire population (Mao *et al.*, 2011).

The scheme is financed mainly through central and local government subsidies and contributions from enrolled farmers. The MAS provides financial assistance and exemptions for catastrophic health expenditures. It also provides coverage to the poor rural and low-income groups for frequently occurring diseases. The MAS is financed mainly from government revenue (central and local governments, including a public welfare lottery) and from social-sector donations.

Evidence shows that both schemes have made great improvements in helping rural households, especially poor rural households, to cope with the financial burden of health care. The proportion of out-of-pocket expenditure decreased from about 80 percent to 60 percent. Farmers' out-of-pocket spending as a share of per capita net income also decreased from 74 percent to 44 percent with the introduction of these schemes (Mao *et al.*, 2011).

The Government of India launched the Rashtriya Swasthya Bima Yojana (RSBY) health insurance scheme in April 2008. The primary objective of RSBY is to provide financial security to people living below the poverty line, which in 2012 was estimated to be approximately 300 million people. The scheme covers hospitalization-related expenses and supports improved access to quality health care. RSBY provides hospitalization coverage up to 30 000 Indian rupees (approximately USD 650) annually for a family of five; transportation charges up to a maximum of 1 000 Indian rupees (approximately USD 22) per year. Coverage includes all pre-existing conditions and pre- and post-hospitalization expenses incurred one day before hospitalization and up to five days from the date of discharge from the hospital (Swarup and Jain, 2011).

The Yeshasvini Health Insurance Scheme for rural farmers and labourers in Karnataka, India is another example of a scheme that extends coverage to rural areas. It is a self-financed health insurance scheme established in 2003. By 2005, the scheme covered about 2.2 million widely dispersed farmers for surgical and outpatient care for an annual premium of approximately two US dollars (Kuruvilla and Liu, 2007). In the initial phase of the scheme, existing health insurance administrative structures and cooperative societies were used instead of creating a new administrative system. Kuruvilla and Liu (2007) note that government played an important role in getting the scheme launched and popularising it. The government's actions boosted the scheme's credibility and promoted participation.

As mentioned previously, severe weather events (e.g. floods, droughts) have a significant impact on rural farmers and households. For example, weather-related crop failures can cause losses of revenue, employment and livelihoods. The systemic nature of weather, and the recently observed increases in the variability and severity of weather-related events has necessitated innovative weather-related risk management policies and instruments to protect livelihoods and smooth the income streams of people living in rural and agricultural communities. Several approaches are feasible. Policies may cover the covariate risk for a community of poor rural farmers through formal and informal risk-sharing arrangements among households, through a cooperative, or through premiums financed by non-governmental organizations, the local government or the central government.

In Brazil, the Family Farming Insurance (SEAF) programme provides crop insurance to family farmers. The SEAF programme was introduced by the government of Brazil in 2004 to support loans made by the National Programme for Strengthening Family Farming (Pronaf) to cover crop losses due to natural disasters, pests and diseases. SEAF covers costs and agricultural investment contracts. In case of losses, the beneficiary farmer has 100 percent coverage for credit repayment for that year, and receives compensation for any shortfall in revenues. In 2006-07, an attractive innovation included the Family Farming Price Guarantee Programme (*Programa de Garantia de Preços para a Agricultura Familiar*), which provides a discount on Pronaf loans whenever the market price of the financed product is below the guaranteed price. Guaranteed prices are fixed at the beginning of the crop cycle, using production costs as a reference (FAO, 2015).

In Ethiopia, Nyala Insurance, a private insurance company, offers weather index-based insurance to farmer cooperatives. The company insures all farmers in the cooperative, and the cooperative is responsible for paying the premium and distributing potential payouts. Similar examples, covering different categories, can be found in Malawi (tobacco, groundnut and maize farmers); India (smallholder producers and potato farmers), Kenya (maize and wheat smallholder farmers); Mongolia (herders); Thailand (smallholder producers); United Republic of Tanzania (smallholder producers); and Rwanda (smallholder producers). National government and institutional frameworks also exist, for example in the Caribbean (covering 16 countries); Mexico (Agroasemex for drought-indexed insurance, covering approximately 800 000 beneficiaries); and Mongolia (indexed to country-wide livestock losses, covering 5 000 herders).

Available evidence show the positive impacts that tying credit to insurance can have on protecting incomes and livelihoods, increasing investments, smoothing consumption and supporting rural credit markets. Cai *et al.* (2016) find that insurance for sows significantly increases farmers' tendency to raise sows in southwest China, where sow production is considered a risky production activity with potentially large returns. In Ghana, Karlan *et al.* (2014) show that lack of access to insurance, not a lack of access to liquidity, is the limiting factor to investment for maize farmers in Ghana. Farmers who purchase rainfall index insurance increased their agricultural investment by 13 percent. Importantly, the demand for insurance remains strong even when a full market price is charged, which is equal to the fair price plus a 50 percent premium. At that price, around half of farmers still request insurance, insuring 60 percent of their cultivated area.

However, uptake has been generally low and this has been attributed to a number of factors, including unaffordable premiums, lack of information, and lack of trust (Carter *et al.*, 2014; Cole *et al.*, 2013; Giné, 2009). In general, agricultural insurance may only be affordable to the poor if it is free or heavily subsidized (Cai *et al.* 2016; Carter *et al.*, 2014; Cole *et al.*, 2013; FAO, 2015; Giné, 2009). In Brazil, the SEAF programme provides crop insurance to family farmers, with 75 percent of the premium subsidized by the government (FAO, 2015).

3.2.2. Social assistance schemes

Tax-financed social assistance schemes have been shown to have powerful impacts on income security, poverty, food security, nutrition, health and human capital development. These schemes, which take various forms, include: universal pension schemes; universal health protection schemes; income protection for children; and benefits aimed at specific groups (e.g. persons with disabilities, orphans and other vulnerable groups). Social assistance schemes in particular have gained importance worldwide as a promising means of tackling extreme poverty. In some countries, social assistance schemes have undergone substantial transformation. They are now going beyond the traditional redistributive role and foster linkages with labour market policies and human development.

During the last decade, at least 30 developing countries have established non-contributory schemes covering various types of social protection needs. Between 2000 and 2013, about 18 countries in Latin America introduced reforms to increase pension coverage through non-contributory schemes (World Bank, 2014). While these schemes are not necessarily targeted towards the rural population, they have been effective at increasing the social protection coverage of rural people, particularly the rural poor. In many cases, social assistance benefits are the only type of social protection available for people living in rural areas.

Social assistance schemes specifically designed for and targeting rural populations have also emerged. India launched the National Rural Employment Guarantee Scheme (NREGS) in 2005. The main goal of NREGS is to ensure the livelihood security of rural residents by providing at least a hundred days of guaranteed wage employment annually. The NREGS also aims at generating economic growth in rural areas by putting the existing surplus labour in the Indian countryside to productive uses. Unlike many employment guarantee schemes, NREGS has been established by an Act of Parliament. Consequently, the programme incorporates mechanisms for transparency, grievance procedures, accountability and social auditing. By 2010-11, NREGS covered more than 55 million rural households, about a third of all rural households, generating 2.6 billion days of employment in that year.

However, the greatest challenge of extending coverage through non-contributory schemes is limited fiscal and institutional capacity. Financing and delivering non-contributory programmes often requires difficult expenditure choices. Moreover, in many instances, the administrative and financial barriers noted earlier still remain unaddressed in the traditional design and operation of these schemes.

Conclusion

Building social protection floors is particularly important for rural people, given the high levels of poverty, food insecurity and social exclusion in rural areas. Social protection floors seek to ensure the availability, accessibility and acceptability of services, including health care. They also promote investments in infrastructure and qualified staff, which are key elements for ensuring that rural people have access to services.

However, ensuring that the design and implementation of social protection floors is effective and contributes to the realization of universal social protection, which is articulated in SDG 1.3, requires an understanding the specific barriers to access and the needs of those currently excluded from the social protection systems. A greater understanding of these barriers will allow for existing schemes to become better adapted to the rural experience or new schemes to be developed that are better able to identify and reach rural populations and respond to their specific needs and constraints.

In all regions, extreme poverty is disproportionately concentrated in rural areas. With nearly half of the world's population living in rural areas, the fight against poverty will continue to be related to addressing the risks of vulnerabilities of rural communities and improving livelihoods and socio-economic conditions in rural areas. Rural areas, especially in developing countries, are characterized by high dependence on agriculture and natural resources; high informality in employment arrangements; high rates of unemployment and underemployment; poor-quality and unproductive jobs; unsafe work; and low and insecure incomes. In agricultural settings, in particular, employment arrangements are highly heterogeneous. These arrangements range from permanent formal jobs, to more informal forms of work, including temporary, seasonal labour based on the agricultural seasonal calendar.

Current coverage of social protection for rural populations is very low. Rural people lack access to social protection for a number of reasons, including: rural people often have no legal entitlements to social protection; the informal nature of their work, the type of employment relations they work under, and the limited and irregular resources available to them make it difficult for rural people contribute to social protection schemes on a regular basis; and rural people are less likely to meet conditions and eligibility requirements, which lead to explicit legal exclusion or partial exclusion. Fiscal constraints and weak administrative capacity have also limited the reach of social protection programmes.

The lack of social protection makes rural communities more vulnerable to natural and environmental, economic, social and political risks and shocks. Lack of adequate pensions increases the likelihood of poverty in old age for low-income rural workers. The very low coverage of health protection in rural areas is deepening poverty levels. For rural women, already burdened by unpaid household work and family responsibilities, the absence of maternity protection may increase health risks for mother and child.

Over the last decade, there has been remarkable progress in extending coverage of social protection in developing countries. The progress that has been made provides examples of good practices and

lessons learned that can be used to chart the next steps in the continued extension of social protection coverage and the achievement of the SDGs. In particular, an increased role has been given to non-contributory social protection mechanisms and opening up contributory schemes to voluntary affiliations to widen coverage. However, these measures have often masked the need to understand the barriers to access to social protection that need to be addressed in order to effectively expand social protection to reach universal coverage. Contributory social protection schemes may have to move away from the traditional formal employer-employee, full-time and life-long employment framework to accommodate the needs and characteristics of rural populations, which include informal work arrangements, low and unsure incomes, and unpredictable work.

Programmes that have successfully covered rural workers and their families have adapted the benefits, the contribution mechanisms and the delivery of services to the specific characteristics of rural populations. Policies and programmes need to make social protection accessible to rural people, and actively address the barriers they face through appropriate programme design and implementation. Examples of potential measures include: flexible contribution payments to address the financial barriers related to seasonality in incomes of agricultural workers; the introduction of employment or income guarantee schemes to provide some income insurance during slack agriculture or fisheries seasons; the introduction of contribution subsidization for health and agricultural insurance; legal and administrative reforms to increase the scope of coverage; and the introduction of universal schemes.

On this basis, several recommendations can be proposed. These recommendations should be considered in the context of different segments of rural populations, the state of social protection and the barriers of access for each context. In addition, these recommendations have policy, programming and fiscal implications, which need to be given consideration.

- **Consider rural living and working conditions.** A set of policy options for extending coverage to rural populations can never be exhaustive. However, what is critical is a focus on the risks, vulnerabilities and the specific conditions that different segments of the rural population face. This focus provides the basis for programme design and intervention. A thorough diagnosis of the coverage barriers of different population segments (e.g. fishers, forest-dependent communities, and pastoralists) and the reasons for implementation gaps in existing entitlements would inform an appropriate mix of policies that would include targeted interventions and special programmes.
- **Expand and adapt legal frameworks of social protection to include the rural population.** Legal frameworks are the basis of rights and entitlements. In the absence of legislation, no entitlements may exist and coverage simply may not be available. Legal frameworks are also an important basis for government fiscal commitments and accountability, and the long-term sustainability of social protection schemes. As a first step in ensuring the coverage of rural populations, national social protection legislation must establish basic legal guarantees and enforce rural entitlements. International and global frameworks on social protection should provide policy guidance and increase the visibility of the plight of the vast numbers of rural people who are not covered by social protection.

- **Integrate adapted financing and contribution schemes accounting for different employment types.** The design of formal social insurance schemes indicate that they have been set up initially for people with formal, full-time and permanent employment contracts. But employment in rural settings is informal, casual, seasonal and generally unstable. Consequently, many rural people are effectively excluded from these schemes. The rural labour supply also includes migrant workers. Universal social protection systems need to combine social assistance and social insurance schemes, and use a mix of financing mechanisms, including taxes and contributions. Social insurance contributions in particular will need to consider different forms of employment. They will also need to find innovative mechanisms that can decouple social insurance from employment. This could be done by mixing the type of contributions, adopting lower thresholds for minimum working hours/days and the duration of employment, and enhancing the portability of benefits (Behrendt and Nguyen, 2019). In terms of financing, when working to include rural populations in social protection schemes and ensure they obtain adequate coverage it will be especially important to follow the principles of solidarity and risk sharing, where individual savings mechanism are conceived only as complementary in nature to social insurance.
- **Make social protection more affordable for the rural population.** For contributory schemes, low contributory capacity of the rural poor is a significant barrier to coverage. This barrier can be addressed through the introduction of subsidized pillars or contributions for income-constrained workers. This approach has been shown to increase uptake, for example, in agricultural insurance and health insurance. For fiscal sustainability and broader risk pooling, these schemes can be integrated into existing national statutory schemes. For non-contributory schemes, the costs (including opportunity costs) of participation and demonstrating compliance are usually higher for rural people. Costs can be reduced by simplifying administrative procedures and ensuring that information and social protection services are readily accessible and do not place additional financial stress on rural participants.
- **Enhance capacity to deliver.** Over the last decade social protection coverage has expanded in many countries, but many of the poorest people (mostly rural people) are still not being reached. The coverage of social assistance programmes remains low in many developing countries because of limited fiscal and institutional capacity. Minimum essential coverage in health care and old-age security for all is considered to be an objective for many countries. However, financing and delivering programmes that can reach this objective will often require difficult expenditure choices that need to be informed by appropriate costing and fiscal space analysis. For contributory schemes, coverage extension is also closely related to institutional capacity. In both cases, to effectively reach disadvantaged rural populations, additional investments are needed in the demand-driven service delivery of social protection, and innovative delivery options need to be sought. Harnessing the potential of information systems and digital money and banking will be crucial in making administrative processes more secure, agile and efficient.
- **Moving the rural social protection agenda forward.** Many of the barriers and issues relating to extending coverage to rural populations are structural. They are linked to poverty, the informality of employment and the nature of 'rurality' in general. For social protection,

addressing these factors may involve going beyond programme-specific interventions. A broader integrated rural-specific policy framework may be required.

To this end, strong consideration could be given to a global (yet context-specific) policy framework for the extension of social protection to rural populations. This framework would include all the agricultural sectors and take into consideration how agricultural policies and programme can be developed in a coherent manner to support the extension of social protection coverage. This could become a framework for engaging with, and providing support and advisory services to FAO Members States.



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Poverty in rural areas is generated and exacerbated by highly heterogeneous employment arrangements; high levels of unemployment and underemployment; poor-quality and unproductive jobs; unsafe work and insecure income; lack of access to services; and exclusion based on gender, ethnicity, age and other determinants.

Currently, only 45 percent of the global population is effectively covered by at least one social benefit, while the remaining 55 percent – some 4 billion people – are left unprotected (ILO, 2017).

In many countries, including countries where agriculture is the main source of employment, social protection legislation explicitly excludes the rural population (agriculture workers, fishers, foresters and casual workers) and does not provide alternative schemes.

The fight against poverty and extreme poverty continues to be related to addressing risks and vulnerabilities in rural areas and improving rural socio-economic conditions.