IMPROVING SOCIAL PROTECTION FOR RURAL POPULATIONS IN EUROPE AND CENTRAL ASIA
PRIORITIES FOR FAO
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PRIORITIES FOR FAO
The regional context: the nature of risks and vulnerabilities facing rural populations
Rural populations’ access to social protection in Europe and Central Asia
Social protection and FAO’s mandate and priorities

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Foreword

Social protection is a fundamental human right recognized by international conventions and the 2030 Agenda for Sustainable Development. For the Food and Agriculture Organization of the United Nations (FAO), social protection is also a means to improve food security and nutrition, and eliminate rural poverty.

Today, rural communities in Europe and Central Asia are increasingly exposed to environmental degradation, natural disasters and climate change. Moreover, the lack of decent employment pushes rural communities towards precarious jobs and outmigration. The available data suggest that almost half of the rural population in the countries and territories of Europe and Central Asia do not receive any social protection benefits, while they are exposed to multiple risks. Additionally, the COVID-19 pandemic and the ongoing war in Ukraine have heightened the risk of multidimensional poverty and food insecurity, in both countries of the Region as well as globally. Many food-importing countries are affected by the disruption in the export of cereals and the rise in the price of their food imports. Among other measures, social protection may cushion the negative impact of these developments on the food security and nutritional status of vulnerable groups in these countries, particularly in North, East and West Africa, as well as in West and Central Asia.

FAO through its new Strategic Framework 2022–2031 is committed to supporting the economies across Europe and Central Asia to expand the coverage, adequacy and comprehensiveness of social protection systems for rural populations to contribute to achieving the Sustainable Development Goals resulting in better production, better nutrition, better environment and better life. As a base for its work, FAO Regional Office for Europe and Central Asia prepared this regional report that looks at the specific risks and vulnerabilities faced by rural populations in FAO programme countries and highlights the gaps in social protection in the region. The report asserts that the pre-COVID-19 social protection discourse in the region was largely centred on administrative, technical, or financing issues, and that until recently, there has been little knowledge or appreciation of, and consequently little policy attention given to, the potential of appropriately designed and financed social protection programmes to contribute to more inclusive rural transformation processes, improved nutrition and dietary outcomes, women’s empowerment, and other social issues. It is expected that the report will feed into awareness raising and advocacy to promote coherence between social protection and other policies in the region, especially agrifood policies, to increase the effectiveness of national social protection systems and their capacity to support rural populations to exit from poverty over the longer term.

As the report is designed to be of a practical nature, I am convinced that development practitioners, policymakers, analysts and civil society and private sector actors will use the presented data and recommendations. A policy brief highlighting the key findings and recommendations also accompanies this report.

On behalf of FAO, I would like to extend sincere gratitude to our national partners who have worked towards generating good practices in the field of social protection as documented in this report. It is now time for us to increase the number of these promising actions in collaboration with our national stakeholders.

Raimund Jehle,
Regional Programme Leader for Europe and Central Asia
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<tr>
<th>Acronym</th>
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<tr>
<td>ALMP</td>
<td>Active labour market programme</td>
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<tr>
<td>ATM</td>
<td>Automated teller machine</td>
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<td>CCT</td>
<td>Conditional cash transfer</td>
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<td>COVID-19</td>
<td>Coronavirus disease 2019</td>
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<td>CSW</td>
<td>Center for Social Welfare</td>
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<td>DOST</td>
<td>Agency for Sustainable and Operational Social Security of the Republic of Azerbaijan</td>
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<td>ECA</td>
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<td>EUR</td>
<td>Euro</td>
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<td>FSN</td>
<td>Food security and nutrition</td>
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<td>GDP</td>
<td>Gross domestic product</td>
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<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
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<td>International Labour Organization</td>
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<td>ITU</td>
<td>International Telecommunication Union</td>
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<td>KPST</td>
<td>Kosovo Pension Savings Trust</td>
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<td>L2CU</td>
<td>Listening to the Citizens of Uzbekistan</td>
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<td>LM</td>
<td>Labour market</td>
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<td>LU4</td>
<td>Labour underutilization</td>
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<td>MBLIF/UBK</td>
<td>Monthly Benefit for Low-Income Families with Children – Uy-Bulogo Komok</td>
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<td>MISSCEO</td>
<td>The Mutual Information System on Social Protection of the Council of Europe</td>
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<td>NE</td>
<td>Ndihma Ekonomike</td>
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<td>NGO</td>
<td>Non-governmental organization</td>
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<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<td>Abbreviation</td>
<td>Description</td>
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<td>PES</td>
<td>Public employment services</td>
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<td>PPP</td>
<td>Purchasing power parity</td>
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<td>SA</td>
<td>Social assistance</td>
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<td>SDG</td>
<td>Sustainable Development Goal</td>
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<td>SGK</td>
<td>Social Security Institution of Türkiye</td>
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<td>SI</td>
<td>Social insurance</td>
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<td>SOP</td>
<td>Standard operating procedure</td>
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<td>Social Protection and Labour</td>
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<td>Social Security Administration</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UN DESA</td>
<td>United Nations Department of Economic and Social Affairs</td>
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<td>UNDG</td>
<td>United Nations Sustainable Development Group</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>UNECE</td>
<td>United Nations Economic Commission for Europe</td>
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<td>UNFPA</td>
<td>United Nations Population Fund</td>
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<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
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This report was prepared by Sheila Marnie and Berkin Safak Sener. The preparation process was guided by Dono Abdurazakova, Senior Gender and Social Protection Adviser, and Anna Jenderedjian, Gender Mainstreaming and Social Protection Specialist, at the FAO Regional Office for Europe and Central Asia.

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Ensuring that the rights of rural populations to adequate and comprehensive social protection are met is a core priority for the Food and Agriculture Organization of the United Nations (FAO). FAO’s Strategic Framework (2022-2031) envisages the transformation to more efficient, inclusive, resilient, and sustainable agrifood systems for better production, better nutrition, a better environment, and a better life, leaving no one behind (FAO, 2021a). In this scope, FAO promotes inclusive economic growth by reducing inequalities between urban and rural areas, rich and poor countries, men and women to attain a better life for all. Expanding the coverage, adequacy and comprehensiveness of social protection for rural populations is key to addressing food security and nutrition, and rural poverty, developing agriculture, and building resilient and sustainable food systems (FAO, 2017a). To this end, FAO’s Regional Office for Europe and Central Asia has been advocating to expand social protection for rural women and men in FAO programme countries and territories in Europe and Central Asia. To increase its policy and programme support, FAO commissioned a regional overview of the status of social protection. Consequently, this report provides an analysis of the current status of social protection in the region and identifies potential entry points for FAO’s policy and programming work. The report’s methodology is based on a literature review and secondary data analysis. It defines the scope and main functions of social protection, analyses the specific vulnerabilities and risks facing rural populations, summarizes the available data on coverage, adequacy and comprehensiveness of social protection schemes, and outlines the challenges to expanding social protection coverage to rural populations in the region. The report concludes by recommending potential avenues to strengthen and integrate social protection measures into FAO’s policy and programming work in Europe and Central Asia.

Social protection is a fundamental human right recognized by international conventions and the 2030 Agenda, where Social Development Goal (SDG) Target 1.3 calls for “the implementation of nationally appropriate social protection systems and measures for all, including floors, leading to substantial coverage of the poor and the vulnerable by 2030” (UN, 2015, p. 15). This minimum guaranteed level of protection should be achieved through non-contributory tax-financed social assistance, contributory social insurance (such as old-age pensions and unemployment benefits), and labour market schemes (ILO and FAO, 2021). Agricultural insurance schemes are a complementary set of tools enhancing protection for small farmers (FAO, 2021).

The available data suggest that 47 percent of the rural population in the countries and territories covered by this report do not receive any social protection benefits (World Bank, 2019a), implying that the social protection rights of rural populations are only being partially fulfilled, and additionally that the potential for social protection to address rural vulnerabilities, and contribute to improvements in rural living standards and resilience, is currently underexploited.

1 These are Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Georgia, Kazakhstan, Kosovo*, Kyrgyzstan, Montenegro, North Macedonia, the Republic of Moldova, Serbia, Tajikistan, Türkiye, Turkmenistan, Ukraine and Uzbekistan. (*All references to Kosovo shall be understood to be in the context of UN Security Council Resolution 1244 [1999]).
2 The International Labour Organization’s Social Security (Minimum Standards) Convention, 1952 (No. 102) and Social Protection Floors Recommendation, 2012 (No. 202).
3 The estimate is a regional average weighted to the rural populations of each country/territory, and is based on The Atlas of Social Protection: Indicators of Resilience and Equity (World Bank, 2019a). Data are unavailable for North Macedonia and Turkmenistan.
The regional context: the nature of risks and vulnerabilities facing rural populations

This report categorizes the risks and vulnerabilities facing rural populations under the following five areas:

♦ heightened risk of income and multidimensional poverty, leaving households vulnerable to other social risks, in particular food insecurity, malnutrition and use of child labour;

♦ limited access to decent jobs, pushing large sections of the working-age population, especially women, towards low productivity and precarious on- or off-farm employment;

♦ widespread labour migration from rural areas, as a result of poverty and lack of decent jobs;

♦ increased exposure to the risks associated with environmental degradation, natural disasters and climate change; and

♦ livelihoods disruption risks arising from the impact of war, regional geopolitical tensions and conflicts.

Expansion of social protection alone is not sufficient to address all of the risks and vulnerabilities facing rural populations. Therefore, FAO works with governments to ensure the alignment and coherence of social protection with other policies, particularly with agricultural, rural development and employment policies.

Rural populations’ access to social protection in Europe and Central Asia

The countries of the region inherited a legacy of well-developed social protection systems which were designed to complement full employment guarantees, and subsidies on most basic goods and services, as well as housing and utilities. However, the disintegration of the former Soviet system, and transition from command to market economies, led to a significant increase in unemployment, underemployment, poverty and inequality. Broad economic, political and social reforms also included efforts to transform the previous systems of social protection, to adapt them to the new realities of market economies, by considering large economic recessions and political crises, as well as the need to reach the neediest more effectively.

However, there has been a significant erosion of earlier rights and benefits, reflected in low levels of coverage, due to the reduction in contributory insurance coverage over the last two decades, and the inability to compensate for this through an increase in non-contributory social assistance (UNDP, 2016). In the countries and territories covered by this report, 53 percent of the rural populations receive one or more social protection and labour benefits. Among the recipients, 39 percent of rural populations are covered by social insurance, 21 percent by social assistance and 6 percent by labour market schemes (World Bank, 2019a). Social protection is underinvested in the region: 10.1 percent of the region’s gross domestic product (GDP) compared with 19.3 percent of GDP in the European Union (ILO, 2021; Eurostat, 2019).

Contributory pensions (old-age, survivors’ and disability pensions) have the largest coverage and adequacy for rural households. Of these, the predominance of old-age pensions for men pensioners highlights that younger working-age cohorts and children lag behind in enjoying their right to social protection. Hence, both an expansion of coverage and a more balanced mix of contributory and

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4 This includes all FAO programme countries and territories with the exception of Bosnia and Herzegovina, Kosovo, Montenegro and Turkmenistan for which data are unavailable.

5 Adequacy is defined as the total transfer amount received by all beneficiaries in a quintile as a share of the total welfare of beneficiaries in that quintile (World Bank, 2019a).
non-contributory schemes are required to establish solid national social protection floors which can contribute to the reduction of rural poverty.

Most countries have introduced narrowly targeted social assistance schemes for low-income groups. However, currently, only one-third of the poorest quintile in rural areas in FAO programme countries and territories are covered by social assistance schemes. Moreover, the size of benefits is often too low to have a poverty reduction impact: benefits are estimated to be the equivalent of 25 percent of post-transfer household consumption on average (World Bank, 2019a). The size of benefits and eligibility criteria have been tied to national subsistence minimums and there has been reluctance to expand the fiscal space to increase the coverage and adequacy of non-contributory benefits.

Evidence from two subregional reports commissioned by FAO (FAO, 2016b; Vukovic, 2018) demonstrates that rural populations face five main barriers in accessing their rights to social protection: (i) exclusion from legal frameworks and programme design; (ii) financial barriers (both for the state and for those who should be protected by the scheme); (iii) limited institutional capacity/ burdensome administrative procedures; (iv) inadequate awareness and information among rural populations and local service-providers leading to the exclusion of rural beneficiaries; and (v) lack of coherence and fragmentation in social protection systems, leading to gaps in coverage, duplication, inefficiencies, and to distorted incentive structures (ILO and FAO, 2021; Allieu and Ocampo, 2019; Sato, 2021). These barriers are experienced in real life as the following examples from across the region demonstrate:

♦ In most cases, rural households that own agricultural land plots larger than 0.5 ha are a priori not eligible for targeted social assistance schemes or for unemployment benefits. Land plot productivity and the family’s ability to use it productively are often not assessed.

♦ The legal frameworks envisage contributory social insurance schemes as universal. Yet, rural populations often have more limited pensions with shorter contributory periods and lower contribution rates. This reduces the pension size, its poverty reduction capacity, and the incentives for potential beneficiaries to join and contribute.

♦ Rural women often work as contributing family workers with limited or no access to social insurance. For those with access, they are more likely to be in low-paid jobs and with fewer years of contributions, due to breaks for child care, leading to a lower pension size. Rural women lag behind their urban peers in accessing maternity rights due to widespread informality, and in addition, a lack of digital literacy hinders rural women in using digitized procedures.

♦ Administrative processes are often not optimized for rural communities. Self-employment registration and procedures at public employment services are complex and require rural applicants to have an adequate knowledge of systems, access to personal documents and records, and the ability to regularly meet with counsellors.

♦ There is often inadequate coordination between public employment, agricultural extension and social protection services including through data exchange and single registries, regular coordination meetings, or joint standard operating procedures.

♦ The engagement of non-public entities, such as rural-focused non-governmental organizations (NGOs) and cooperatives, in social and labour market service delivery is underutilized. Furthermore, enabling legal frameworks are still premature, for example, service procurement criteria, service quality standards, performance indicators and payment procedures.
Social protection and FAO’s mandate and priorities

Social protection can protect the rural poor from poverty and improve their capacity for risk management. It can help facilitate the transition to more productive sectors, more sustainable agricultural practices, or movement to other geographical areas and growth hotspots. If provided regularly and adequately, these can be achieved through social protection's contribution to easing liquidity and financial constraints, and preventing declines in human capital accumulation (see also FAO, 2020c). FAO can strengthen social protection for rural populations in the region through (i) evidence generation; (ii) policy advice and advocacy; and (iii) programme implementation.

Evidence generation

Evidence generation on the specific risks facing rural populations is key for policy work and advocacy. To date, FAO has supported two subregional studies summarizing the main gaps in social protection for rural populations in the region (FAO, 2016b; Vukovic, 2018). At the country level, FAO conducted a study on access to social protection for small-scale fishers in Albania (FAO, 2019); and in Türkiye, FAO studied access to social protection and coherence between social protection and agriculture which informed programming to increase Syrian refugees’ and host communities’ access to social protection. Evidence generation also includes the findings from evaluations. For example, FAO’s Cash+ approach has been piloted in Kyrgyzstan and Armenia where rigorous baseline and impact assessments were carried out.

FAO promotes a gender-sensitive approach to social protection. This entails gender-sensitive poverty and vulnerability analyses to inform the design and implementation of social protection programmes. To date, only one gender-sensitive analysis of social protection programmes for rural residents has been carried out at the regional scale, focusing on maternity benefits and pension schemes (FAO, 2015a).

Moving forward, efforts should focus on the creation of evidence to inform the expansion of social protection. There is a need for additional country-level analyses concerning the gaps in coverage and barriers to accessing social protection for rural populations.

FAO can fill these data gaps by helping to improve national household surveys and data reporting. This will ensure that disaggregation by urban/rural population, age group and gender is possible, for instance, regarding the coverage and impact of social transfers on rural livelihoods. Data gaps could also be filled through the establishment of integrated and digitalized social registries.

FAO’s work should also focus on generating evidence from both economic and human rights perspectives to find solutions for extending the available fiscal space for social protection. The Organization’s work, in for example Sub-Saharan Africa, has built the economic case for investing in social protection for the rural poor (Daidone et al., 2017; FAO, 2017d). This type of analysis can help to mainstream social protection as an investment in the field of post-COVID-19 policymaking.

Policy advice and advocacy

The coronavirus disease 2019 (COVID-19) pandemic has drawn policy attention to gaps in social protection and has also awakened political interest in addressing them. The focus of the discussion has centred on the low coverage among urban informal workers who are not covered by social insurance and assistance. Rural populations might have benefited from the safety net of a subsistence plot, but their pre-crisis fragilities have been exacerbated, and their coping mechanisms have been undermined as well. Therefore, FAO should continue delivering policy advice on the design, size and schedule of contributions. The current interest in shock-responsive social protection opens up policy space for the establishment or expansion of agricultural insurance schemes for smallholders in the region (ILO, FAO and UNICEF, 2022).
In line with the FAO’s food systems approach (FAO, 2018a), FAO’s policy work should include advocating for more coordination and coherence within national social protection systems, and between social protection, agriculture and rural development strategies. Coordination, advocacy and policy dialogue among ministries and authorities at the central and local levels are needed to tackle the fragmentation in national social protection systems.

FAO’s work with governments and other United Nations’ (UN) agencies can address the inadequacy of social, employment and agricultural services at the local level, and the lack of horizontal and vertical mechanisms for coordinating with agricultural and rural development agendas. This entails building the appropriate policy, institutional, financing and staffing arrangements.

Given the widespread informality in on– and off-farm employment, FAO and its partners, particularly the International Labour Organization (ILO), can help to raise awareness about the role that social protection can play in the formalization of jobs. In the first instance, this role is mainly covered by social assistance (ideally supported by access to employment services and programmes). Over time, transitions to formality enable social insurance to gradually take over from tax-funded social assistance and employment programmes.

**Programming**

To operationalize its approach to social protection, FAO has developed the “Cash+” model to show how the economic, social and environmental impacts of cash transfers can be enhanced, when combined with productive support, technical training, extension and coaching services. The Cash+ approach was piloted and evaluated in Armenia and Kyrgyzstan to improve both nutritional outcomes and the agricultural productive capacity of rural social assistance beneficiaries. Going forward, FAO can proliferate the Cash+ approach by pairing it with conditional activation programmes such as the “social contract approach” which is currently gaining traction in Central Asia. FAO can work with partners to tailor Cash+ to the needs of rural populations by adapting it to existing social assistance or active labour market programmes, including public works.

Digitalization is a cross-cutting issue which FAO can integrate into its programming work. The pandemic and its restrictions have accelerated the digitalization of social protection services. The extent to which rural populations can reap the benefits of digitalization should be monitored, considering digital literacy and connectivity issues. Countries increasingly rely on automated systems and bank transfers for delivering benefits, and rural populations are more likely to be left behind. FAO can help countries to build rural– and gender-responsive digitalization paths, integrate social and agricultural databases, and ensure automated assessments of social protection policies.
Ensuring that the rights of rural populations to adequate and comprehensive social protection are met is a core priority for the Food and Agriculture Organization of the United Nations (FAO). In achieving the 2030 Agenda for Sustainable Development, FAO’s Strategic Framework (2022-2031) envisages the transformation to more efficient, inclusive, resilient, and sustainable agrifood systems for better production, better nutrition, a better environment, and a better life, leaving no one behind (FAO, 2021a). FAO promotes inclusive economic growth by reducing inequalities between urban and rural areas, rich and poor countries, men and women to attain a better life for all. In this scope, FAO has a programme priority area for inclusive rural transformation which entails the revitalization of rural areas ensuring equal participation of, and benefits to, poor, vulnerable and marginalized groups through targeted policies, strategies and programmes (FAO, 2021a). Moreover, FAO recognizes that expanding the coverage, adequacy and comprehensiveness of social protection for rural populations is key to achieving progress in other core elements of FAO’s mandate, namely food security and nutrition (FSN), rural poverty, agriculture, building resilient food systems and rural development (FAO, 2017a). In line with this vision, FAO’s Regional Office for Europe and Central Asia has been advocating for the expansion of social protection programmes for women and men living in rural areas, and has drawn attention to the need for policies and interventions that address social protection deficits in the FAO programme countries and territories of the region.

Approximately 40 percent of the total population in these programme countries and territories live in rural areas (World Bank, 2019c) and historically, rural areas have had higher rates of income poverty compared with urban areas. This higher risk of poverty means that rural populations are more vulnerable to other social risks such as food insecurity and malnutrition, child labour and precarious working conditions. The available data suggest that 47 percent of the rural population in the countries and territories covered by this report do not receive any social protection benefits (World Bank, 2019a). Furthermore, the coronavirus disease 2019 (COVID-19) pandemic has both highlighted the vulnerability of large sections of the population to shocks, and demonstrated the importance of social protection for protecting lives and livelihoods in the face of crises. For this reason, there has been a surge in social protection measures introduced by governments in the region. After March 2020, virtually all countries and territories in the region adopted or announced social protection measures in response to the COVID-19 outbreak (see Gentilini et al., 2020). Yet most of the measures that were put in place were temporary: some of them are now being phased out and significant gaps in coverage remain. To address the crisis and increase resilience among the more vulnerable sections of the population in an effective and lasting way, permanent solutions are necessary to reinforce and adapt national social protection systems. This is particularly true with respect to broadening access to adequate and comprehensive social protection for rural populations.

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1 These are Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Georgia, Kazakhstan, Kosovo*, Kyrgyzstan, Montenegro, North Macedonia, the Republic of Moldova, Serbia, Tajikistan, Türkiye, Turkmenistan, Ukraine and Uzbekistan. (*All references to Kosovo shall be understood to be in the context of UN Security Council Resolution 1244 [1999]).

2 This rural/urban disparity is also reflected in figures on multidimensional poverty (see Alkire, Kanagaratnam and Suppa, 2020). Further discussion is provided in Section 3.

3 The estimate is a regional average weighted to the rural populations of each country/territory, and is based on The Atlas of Social Protection: Indicators of Resilience and Equity (World Bank, 2019a). Data are unavailable for North Macedonia and Turkmenistan.
In this context, FAO has made it a priority to increase its policy and programme support for work on social protection in the region, through working with partners to address the specific challenges in extending coverage among rural populations. FAO is also committed to promoting coherence between social protection and other policies, especially agricultural policies, to increase the effectiveness of national social protection systems and their capacity to support rural populations to exit from poverty over the longer term.

This report begins by defining social protection, including a discussion of its three main pillars (social insurance, social assistance and labour market programmes) and the main functions which social protection can be expected to fulfil (Section 2). It then goes on to provide evidence of the specific vulnerabilities and risks faced by rural populations in the region, categorizing them under the headings of poverty, lack of employment opportunities, migration and environmental degradation (Section 3). Section 4 reviews the available data on the coverage, adequacy and comprehensiveness of social protection schemes for rural populations in the region, and Section 5 draws upon two stocktaking exercises commissioned by FAO’s Regional Office for Europe and Central Asia (in selected former Soviet countries [2016] and the Western Balkans [2018]) to summarize the challenges and constraints to expanding social protection coverage to rural populations. Based on the results emerging from these five sections, the report then looks at the potential for further efforts to strengthen and integrate social protection measures into FAO’s policy and programming work in the region (Sections 6 and 7).
Within Agenda 2030, Sustainable Development Goal (SDG) 1 sets the goal of ending poverty in all its forms everywhere, and Target 1.3 calls for the implementation of nationally appropriate social protection systems and measures for all, including floors leading to substantial coverage of the poor and the vulnerable by 2030.

Social protection is a fundamental human right enshrined in the Universal Declaration of Human Rights (UN, 1948) and the International Covenant on Economic, Social and Cultural Rights (UN, 1966). It is also embedded in international social security standards, such as the International Labour Organization (ILO) Social Security (Minimum Standards) Convention (1952) and the Social Protection Floors Recommendation (2012). The latter exhorts countries to set up nationally defined social protection floors, consisting of basic social security guarantees aimed at preventing or alleviating poverty, vulnerability and social exclusion. These guarantees should ensure at a minimum that, over the life cycle, all in need have access to essential health care and basic income security (adequate benefits). National social protection floors should comprise at least the following four minimum social security guarantees (ILO, no date [d]):

1. access to essential health care, including maternity care;
2. child benefits, to secure access to nutrition, education, care and any other necessary goods and services;
3. basic income security for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and
4. basic income security (adequate pensions) for older persons.

The overall objective of national social protection systems should thus be to guarantee rights to a nationally defined minimum level of protection for all citizens across the life cycle. If coverage is not universal, national systems should set the goal of progressively achieving universal coverage; and national systems should also strive to achieve progressively higher levels of protection.

This minimum guaranteed level of protection can be achieved through a mix of contributory (insurance-based) and non-contributory (tax-funded) social protection programmes, with the specific mix varying according to policy priorities and the contributory capacity of beneficiaries. In practice, national social protection systems typically encompass three main pillars: (i) non-contributory tax-financed benefits in cash or in-kind (social assistance); (ii) contributory schemes (social insurance, such as old-age pension schemes or unemployment benefits); and (iii) usually tax-funded labour market policies and programmes to promote employment and skills development (ILO and FAO, 2021; see Box 1 for an elaboration of the definitions). Ideally, national social protection systems should consist of programmes under each of these three pillars which mutually reinforce and complement

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4 Vulnerability is defined as the interaction between individuals’ and households’ exposure to risk and their capacity to respond and cope with adverse circumstances, whether chronic or sudden (UNICEF, 2015).
each other to provide an integrated and comprehensive system of support across the life cycle. Moreover, these types of programmes should be supplemented by a network of local community care services, and local professional social workers who can work on establishing the appropriate mix of cash and care services for vulnerable individuals and households in order to facilitate their social and economic inclusion (UNDG, 2018).

### Box 1. Social protection: the three main types of programme

1. **Social assistance** (SA) comprises tax-funded conditional or unconditional cash or in-kind transfers, and also public works programmes, i.e. schemes that require no direct contribution from the beneficiary, and which are usually financed through taxes or other state revenues, or in some cases through external grants or loans. These schemes can be specifically targeted at households living in poverty; they may be universal schemes for all residents or all of the population in a certain stage of the life cycle (e.g. children); or they may be categorical schemes for certain defined groups of the population (such as war veterans or single parents).

2. **Social insurance** (SI) refers to contributory programmes that guarantee protection through an insurance mechanism. The contributions paid by (or for) insured persons are pooled together and the resulting fund is used to cover the expenses incurred exclusively by those persons affected by the occurrence of the relevant (clearly defined) contingency or contingencies. In the case of social insurance schemes for those in waged or salaried employment, contributions are usually paid by both employees and employers. Many social insurance schemes are of a mixed character, with some non-contributory elements in entitlements to benefits. This allows for a more equitable distribution of benefits, particularly for those with low incomes and short or interrupted work careers. These non-contributory elements can take various forms, and are financed either by other contributory elements (redistribution within the scheme) or by the state (ILO, 2017).

3. **Labour market programmes** (LM) provide unemployment benefits for the uninsured, build skills and train workers. These include measures to facilitate the entry or return to the labour market of unemployed persons, such as: job-search assistance and career guidance; programmes for upgrading or adapting skills to improve jobseekers’ employability, e.g. vocational training; incentivizing individuals to take up certain jobs or incentivizing firms to hire certain categories of workers; and support for the creation of jobs in the public or private sector (ILO, 2016).

**Agricultural insurance schemes** represent a complementary set of interventions/tools relevant to agricultural producers. While not traditionally considered as falling under social protection policies and programmes, such schemes can be designed to strengthen and align with core social protection systems, in order to enhance the protection and resilience of small farmers (FAO, 2021b). Social protection programmes for rural populations are supplemented by agricultural policies and interventions aimed at improving access to infrastructure, irrigation, extension, input technology and microcredit (FAO, 2017a).

In line with the 2030 Agenda’s commitment to expand the reach of nationally appropriate social protection systems for all by 2030, FAO is committed to expanding the coverage and adequacy of social protection systems for rural populations. However, understanding social protection’s potential role in reducing poverty and also its contribution to other strategic social, economic and environmental objectives requires a more comprehensive definition of the functions of social protection programmes than has, until recently, been commonly used in the countries of Europe and Central Asia. Most national systems have traditionally focused on two main functions. The first is the protective function (mainly performed by tax-funded social assistance programmes) aimed at protecting a narrowly defined section of the poor population from the negative impacts of chronic poverty. The second is the preventive function, usually performed by contributory social insurance schemes, which are linked to and conditional on formal employment. Since the early 2000s, the
potential functions of social protection interventions have been increasingly recognized as broader and have been categorized under both the protective and preventive headings, and also under an additional two main headings, namely promotive and transformative. This wider understanding of the functions of social protection reflects an increasing acknowledgement of the multidimensional factors that contribute to poverty, and the need for a more diverse set of programmes to address them. Promotive measures include, for example, microcredit schemes for the poor and vulnerable, or school feeding programmes, aimed at providing additional support beyond benefits to help beneficiaries improve their situation. Transformative measures often have the function of promoting social inclusion or empowering beneficiaries and can include changes to legislation and awareness raising to tackle discriminatory attitudes (for example, against people with disabilities; and Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome HIV/AIDS anti-stigma campaigns.

FAO recognizes that social protection systems for the twenty-first century – which aims to meet the rights of all to social protection and to play a role in promoting sustainable economic and social development – will have to embrace all four of these functions. FAO therefore adopts a comprehensive approach to social protection:

Social protection can play a protective role in providing means (cash or in-kind) to access food and mitigate the impact of shocks. It can have a preventive function in averting deeper deprivation by strengthening resilience against shocks [and stresses] and preventing loss of incomes and assets. It can support the accumulation of resources to sustain livelihoods (e.g. through asset transfers and public works). Social protection can also play a promotive function by directly supporting investments in human resources (nutrition, health, education and skills development) and by reducing liquidity constraints and income insecurity to induce investments in farm and non-farm activities. It can also have a transformative function in the lives of the poor through reorienting their focus beyond day-to-day survival towards investments for [the] future, by shifting power relations within households (as social protection can empower women) and by strengthening the capabilities and capacities of those living in poverty to empower themselves (FAO, 2015b, p. 15; emphasis added; see also Annex 1 for more detailed definitions of the four main functions).

In accordance with FAO’s definition of social protection, national systems should have the objective of addressing economic, environmental and social vulnerabilities to food insecurity and poverty across the life cycle. They should also have the institutional capacity and adequate sources of finance to effectively deliver on these objectives. As will be discussed below, the countries and territories of the region inherited quite comprehensive national systems, but ones which – on the whole – have been slow to align with new and growing risks and slow to exploit the potential of social protection to take on all four of the functions listed above.

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5 These categories are set out in detail in Devereux and Sabates-Wheeler (2004).
The regional context: the nature of risks and vulnerabilities facing rural populations

This section sets out the key factors which shape the particular risks and vulnerabilities faced by rural populations in the region, and which have to be taken into account in efforts to improve and expand the scope of social protection programmes. These include:

♦ the heightened risk of income and multidimensional poverty in rural areas, with associated and increased vulnerability to other social risks, in particular food insecurity, malnutrition and use of child labour;

♦ limited access to decent employment opportunities (both on- and off-farm), meaning that large sections of the working-age population have no choice but to engage in low productivity, unprotected or precarious on- or off-farm employment;

♦ widespread labour migration from rural areas, to a large extent a response to the above-mentioned risks of poverty and lack of employment opportunities, but which also entails new challenges for rural households; and

♦ increased exposure to the risks associated with accelerated processes of environmental degradation, natural disasters and climate change.

3.1 Poverty risk

Pre-COVID-19 data from 2019 (based on the three international poverty lines) suggest that in the countries and territories covered by this report, 43.3 percent of the total population lived on less than PPP USD 10 a day⁶; 20 percent of the population lived on less than PPP USD 5.50 a day; and 6.8 percent lived on PPP USD 3.10 a day or less (World Bank, 2021). Since 2020, the COVID-19 pandemic has added an additional challenge to poverty reduction efforts in both urban and rural areas because it has led to a reduction in remittances, a slowdown of domestic economic activity and disruption to trade. Using the PPP USD 5.50 a day poverty line, the World Bank (2020) estimated that 6.4 million people in the region were to be pushed into poverty in 2020, 28 percent of whom were in Central Asia, 21 percent in Türkiye, 6 percent in Eastern Europe, 5 percent in the Western Balkans, and 5 percent in South Caucasus.

⁶ Purchasing power parity (PPP) is used to eliminate the differences in price levels between countries to enable cross-country comparison. The PPP USD indicator is measured in terms of national currency per United States dollar.
Although poverty rates have been declining over the last two decades, the rate of decline was slowing down in the region even before the COVID-19 pandemic (World Bank, 2020b). With some exceptions, the data suggest that rural populations are still disproportionately at risk of poverty throughout the region. In Central Asia, many of the remaining poverty hotspots are located in rural areas with weak connections to urban growth centres. For example, poverty rates based on national poverty lines exceed 40 percent in most remote districts of Tajikistan and Kyrgyzstan (Seitz, 2019b); and in Uzbekistan, about 79 percent of the poor live in rural areas (World Bank Poverty Assessment, forthcoming, based on data from the 2018 Listening to the Citizens of Uzbekistan (L2CU) survey, and using the PPP USD 3.20 a day international poverty line). In the Western Balkans, poverty has principally been a rural phenomenon, and the unemployed, undereducated and families with children remain the most vulnerable (Matkovic, 2017). The urban-rural poverty incidence gap is also stark in the Republic of Moldova. In South Caucasus, on the other hand, urban-rural differences are less notable, and poverty is a persistent problem in both urban and rural settings (World Bank, 2019b). For instance, in Armenia, roughly one third of the rural population remains below the national poverty line (World Bank, 2015).

Furthermore, notwithstanding the elevated risk of income poverty, estimates of multidimensional poverty confirm that rural populations in the region are more disadvantaged in terms of access to and quality of health services (reflected in indicators of nutrition and child mortality), education services (reflected in data on years of schooling and school attendance), and infrastructure i.e. access to sanitation, safe drinking water, electricity, housing and assets (see Figure 1).

The heightened risk of poverty in all its dimensions means that rural populations are also more vulnerable to other social risks, including food insecurity and child labour. Regarding the former, it is estimated that 10.5 percent of the total population in Europe and Central Asia (ECA) region, about 98.6 million people, are exposed to moderate or severe forms of food insecurity (women’s exposure

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**Figure 1. Share of population vulnerable to multidimensional poverty, by area of residence**

Note: A person is identified as multidimensionally poor if s/he is deprived in at least one-third of the weighted indicators. The term vulnerable to multidimensional poverty represents those who are close to the one-third threshold (deprived in 20 percent to 33.33 percent of weighted indicators).


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2 The ILO defines child labour through two Conventions (no. 138 and no. 182) as the “tasks undertaken by children that are not appropriate for their age; work that is too heavy, that requires them to work too long hours, that deprives them of their childhood, interferes with their ability to benefit from compulsory school, and that is mentally, physically, socially or morally harmful” (ILO, 1978; ILO, 1999).
remains slightly more than men’s⁸; FAO et al., 2021). At country level, for example, 15 percent of the population of Armenia was estimated to be food insecure in 2017, and food insecurity was found to be strongly correlated with poverty. In Tajikistan, in 2019, the food poverty rate (that is, the share of the population living below a poverty line which only allows the purchase of essential products to meet minimum dietary requirements) was 10.7 percent (FAO et al., 2021).

Impact evaluations of cash transfer programmes in various country contexts show that access to predictable, regular and adequate social assistance programmes can enhance food security, nutrition and dietary diversity. Social protection can help households to increase food consumption directly through investing in and increasing their own production, and also by improving their economic capacity to purchase food and access a greater variety of food. Moreover, school feeding programmes can be incorporated into social protection systems and play a key role in increasing the food consumption of schoolchildren and encouraging school attendance (FAO, 2015b). The adaptation of existing social assistance schemes to add on tailored nutrition and dietary support for recipients can increase the impact on food security and nutrition outcomes among the poor and can be particularly important in ensuring that children do not suffer from the long-term effects of poverty on their development (see the Kyrgyz “Cash+” example in Box 12).

Poverty is also a strong predictor of child labour in households. It is estimated that there are 6 million child labourers in the region, engaged mostly in agriculture (Genthon and Mikadze, 2021). Child labour usually takes the form of hazardous work performed by adolescents and is most prevalent in smallholder family farms. It is a key driver of school dropouts, and hence a major contributor to the intergenerational transfer of poverty in rural areas. There is evidence from other regions that social protection programmes, when appropriately designed and implemented in coherence with other measures, can contribute to the elimination of child labour in rural areas. In Latin America, for example, two major systematic reviews found that most conditional cash transfer programmes significantly lowered child labour (FAO, 2020b). Within these programmes, receipt of cash benefits was made conditional on school attendance, and parallel efforts were made to ensure that schools were accessible for children living in rural areas. In other contexts, school feeding programmes and unconditional benefits of adequate size have also been found to have a positive impact on reducing the use of child labour.

3.2 Lack of decent jobs in rural areas

Access to decent jobs with regular and adequate wages is one of the main paths out of income poverty. However, the evidence points not just to unemployment, but also to low employment rates, and the prevalence of low-wage, low-productivity and precarious employment in rural areas, which provides little protection from poverty, or the opportunity to exit from poverty, and leaves households vulnerable to shocks.

In the following charts, Figure 2 shows that employment rates in rural areas are low, especially for women: employment rates for women are under 30 percent in Türkiye, under 40 percent in the Western Balkans, and under 50 percent in Central Asia as well as in South Caucasus and Eastern Europe. Figure 3 reports the unemployment rates for the working populations in rural areas, and separately for young people aged 15 to 24 years. This demonstrates a particularly high risk of unemployment especially for young people, and as shown in Figure 4, the risk for young women is higher than it is for young men.

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⁸ Estimates are calculated using the Food Insecurity Experience Scale (FIES), which provides a broader perspective to food access than undernourishment and which is more relevant in Europe and Central Asia.
**Figure 2. Employment-to-working-age-population ratio in rural areas in Europe and Central Asia, 2019**

<table>
<thead>
<tr>
<th>Region</th>
<th>Employment rate women</th>
<th>Employment rate men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Türkiye</td>
<td>27</td>
<td>61</td>
</tr>
<tr>
<td>Central Asia</td>
<td>45</td>
<td>66</td>
</tr>
<tr>
<td>South Caucasus and Eastern Europe</td>
<td>39</td>
<td>58</td>
</tr>
<tr>
<td>Western Balkans</td>
<td>27</td>
<td>58</td>
</tr>
</tbody>
</table>


**Figure 3. Unemployment rate in rural areas, by age**

<table>
<thead>
<tr>
<th>Country</th>
<th>Age: 15–24 years</th>
<th>Age: 15+ years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>23</td>
<td>9</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>North Macedonia</td>
<td>16</td>
<td>7</td>
</tr>
<tr>
<td>Montenegro</td>
<td>25</td>
<td>6</td>
</tr>
<tr>
<td>Serbia</td>
<td>21</td>
<td>6</td>
</tr>
<tr>
<td>Armenia</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>23</td>
<td>10</td>
</tr>
<tr>
<td>Belarus</td>
<td>23</td>
<td>10</td>
</tr>
<tr>
<td>Georgia</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>Moldova</td>
<td>21</td>
<td>9</td>
</tr>
<tr>
<td>Ukraine</td>
<td>21</td>
<td>16</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>15</td>
<td>8</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Türkiye</td>
<td>12</td>
<td>6</td>
</tr>
</tbody>
</table>

The employment challenges faced by rural populations in the region are not fully captured by the standard indicators for employment. For example, rural women and men who are in employment experience the problem of underemployment, as well as the precarity of most farm and non-farm employment. This is reflected *inter alia* in the data on underutilization of labour in rural areas.\(^9\) ILO's

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\(^9\) The measure of labour underutilization (LU4) used includes: (1) time-related underemployment (employed persons in employment who spend insufficient hours at work compared with alternative employment situations in which they are willing and available to engage); (2) unemployment (unemployed job-seekers); and (3) the potential labour force (persons not in employment who express an interest in it but for whom existing conditions limit their active job search and/or their availability; ILO, 2018).
composite indicator of labour underutilization (LU4) measures the share of the labour force that is unemployed, or in time-related underemployment, as well as the potential labour force, including discouraged inactive persons, and persons who have care responsibilities but are willing to work. Figure 5 suggests that underutilization is particularly marked in rural areas of Türkiye and the Western Balkans, especially among rural women.

Box 2. International Labour Organization definitions

**Self-employed workers** are those workers who, working on their own account or with one or a few partners or in cooperative, hold the type of jobs defined as “self-employment jobs”, i.e. jobs where the remuneration is directly dependent upon the profits derived from the goods and services produced. Self-employed workers include own-account workers, members of producers’ cooperatives, and contributing family workers.

♦ **Own-account workers** are workers who, working on their own account or with one or more partners, hold the types of jobs defined as “self-employment jobs” and have not engaged on a continuous basis any employees to work for them.

♦ **Contributing family workers** are those workers who hold “self-employment jobs” as own-account workers in a market-oriented establishment operated by a related person living in the same household.


Figure 6. Employment by status, and share of own-account and contributing family workers in overall employment, among rural populations of Europe and Central Asia, 2019

In addition, particular employment challenges in rural areas in many countries of the region lie in the lack of alternatives to low productivity agricultural work. Rural areas are characterized by large shares of own-account and contributing family workers, categories which seldom have formal work arrangements and therefore are less likely to have access to contributory social insurance schemes (or to minimum pension rights), work safety and other rights (see Box 2). Thirty-five percent of all workers in rural areas in the countries and territories covered by this study have the status of own account or contributing family worker, with the share ranging from 4 percent in Belarus to 66 percent in Azerbaijan (see Figure 6).

Agriculture\textsuperscript{10} accounts for more than one-third of employment (formal or informal) in the region (see Figure 7), and the vast majority of agricultural employment is undertaken by own-account or contributing family workers (ILO, 2019a), much of which is informal.\textsuperscript{11} Definitions of informality vary, but they all imply distinct regimes in terms of, for example, social insurance contributions, registration with tax authorities and exposure to state inspections. For instance, in Kyrgyzstan, there are two types of “peasant farmer entity”\textsuperscript{12}: those registered as a legal entity, and those “without legal entity”. The total number of both types of peasant farmer entity in 2019 was 342,153, while the number legally registered with the Ministry of Justice in mid-2021 was just 2,282 (Ministry of Justice of the Kyrgyz Republic, 2021). This indicates that less than one percent of all small farms are in the formal sector. ILO data suggest that informality in agricultural employment in the region ranges from 45 percent in Serbia, 54 percent in North Macedonia and 60 percent in Kyrgyzstan, to above 95 percent in Albania, Armenia and Georgia (ILO, 2019b).

\textbf{Figure 7. Employment by economic sector in rural Europe and Central Asia, 2019}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure7.png}
\caption{Employment by economic sector in rural Europe and Central Asia, 2019}
\end{figure}


\textsuperscript{10} Agriculture here refers to “agriculture, forestry and fishing” (see UN, 2008, p. 45): “… the exploitation of vegetal and animal natural resources, comprising the activities of growing of crops, raising and breeding of animals, harvesting of timber and other plants, animals or animal products from a farm or their natural habitats”. In terms of economic significance, the share of value added (as a percentage of GDP) represented by agriculture, forestry and fishing ranges from below 10 percent in the majority of countries (Ukraine, Belarus, Georgia, Türkiye, Azerbaijan, Kazakhstan and five of the Western Balkan countries), to 18 percent in Albania and 25 percent in Uzbekistan (World Bank, 2019b).

\textsuperscript{11} According to the ILO cross-country harmonized series, employment in the informal sector refers to “all persons who, during a given reference period, were employed in at least one informal sector enterprise, irrespective of their status in employment and whether it was their main or secondary job. An informal sector enterprise is (1) an unincorporated enterprise, (2) a market enterprise (i.e. it sells at least some of the goods or services it produces), and (3) meets at least one of the following criteria: (i) the enterprise is not registered, (ii) the employees of the enterprise are not registered, or (iii) the number of persons engaged on a continuous basis is below a threshold determined by the country” (ILO, no date [b], no page number).
Overall, employment for large sections of the rural population falls short of FAO’s definition (2017b) of decent rural employment: work that is productive, respects core labour standards, provides a fair income (whether through self-employment or wage labour), ensures equal treatment for all, can be performed in safe and healthy conditions, and affords workers a voice in the workplace.13

Box 3. Farm structures in the region

The profile of agricultural employment (that is, the dominance of own-account employment coupled with contributing family workers) is mirrored by the profile of farm structures in the countries of the region. These are either fully dominated by smallholders or have dual farm structures, with large numbers of small farms and small numbers of large corporate farms. In all cases, there is evidence of excessive land fragmentation. A study of eight countries in the region showed that farms of up to 1 ha are prevalent, and that 45 percent of land area is used by farms of less than 3 ha. In six of the countries, 95 percent to 99 percent of all farms were found to be smaller than 5 ha. In Georgia in 2012, for example, 77 percent of farms were smaller than 1 ha, 22 percent were 1 ha to 5 ha, and 1 percent were larger than 5 ha. In Tajikistan, there are 145 000 commercially oriented family farms, and 1.2 million subsistence households with up to 1 ha of land around the house (FAO, 2020a). Across the world, agricultural output per unit of labour tends to be positively correlated with farm size (IFAD, 2018), and the dominance of smallholder farms in the region has not facilitated efficiency gains and productivity increases. Overall, small land plots have acted as an informal safety net for rural households during the early transition period from the former Soviet system, but lack of land tenure security has been a key factor holding back investment in such farms. Moreover, there has been a lack of tailored social protection schemes coupled with strong rural institutions in the region which could have supported and promoted smallholders during restructuring processes, through facilitating access to credit, extension services, technologies and markets, and ensuring sustainable natural resource management (FAO, 2018b; Spoort, 2011).

Employment and social protection challenges in the region are influenced by different demographic trends. Over the last two decades, rural populations have been shrinking in the majority of programme countries and territories in the region, with the exception of those in Central Asia. However, they still account for more than half of the total national population in Tajikistan, Kyrgyzstan, the Republic of Moldova and Bosnia and Herzegovina, and there are sizeable shares (40 to 50 percent) in seven other countries and territories (see Figure 8).

Rural populations within the region are ageing, but this is occurring at different tempos in most of the countries. However, Central Asia is the exception to this, demonstrating both a lower share of pension-age citizens and a higher share of young people within the total rural population.13 For example, the share of children and adolescents (0 to 14 years) in Central Asia (29.2 percent in Kazakhstan and 32.6 percent in Kyrgyzstan) is significantly higher than in the Western Balkans (15.2 percent in Serbia and 17.1 percent in Albania; UNFPA, no date).

Shrinking rural populations form part of structural transformation processes which are a normal facet of development, with those engaged in low productivity–low wage agricultural employment, and young first-time entrants to the labour market, moving into other higher value-added sectors, often in urban growth areas. However, the structural transformations in the region that have taken

13 The ILO sets out ten dimensions of decent work, which broadly fall into four interrelated pillars, namely: employment creation/productive work delivering a fair income; access to social protection, particularly social insurance implying access to pension, sickness and maternity benefits; rights at work, implying safe work conditions and formal contracts; and social dialogue. Non-decent work falls short in some or all of these pillars. For further information see https://www.ilo.org/integration/themes/mdw/WCMS_189392/lang--en/index.htm.

13 In 2015, the average age of the rural population (26.8 years) in Kyrgyzstan was lower than the average age of the total population in the country (27.4 years), while in Tajikistan just 3.2 percent of the rural population was older than 65 years, compared with, for example, more than 16 percent in Georgia in 2014 (FAO, 2020a).
place – or are still ongoing – have been accompanied by limited support or opportunities for rural populations to move to or access better jobs, leaving behind large shares of people engaged in subsistence agriculture. The latter has provided an important safety net for rural populations but has also resulted in a heightened poverty and social exclusion risk, especially for the younger generation, and has fed the large flows of labour migration from rural areas (see Box 4). This is particularly pronounced in Central Asia, where – as indicated above – the tradition of large families has meant that the rural youth population represents a considerable share of the overall rural population.

**Box 4. The vicious cycle in rural areas: young people, migration, productivity and unemployment**

Young people find themselves in a particularly disadvantaged position in rural labour markets in the region (see Figure 2). In the Western Balkans and Türkiye, youth unemployment rates in rural areas are strikingly high relative to other countries. Moreover, young women are considerably more likely to be unemployed than their male peers in rural Kyrgyzstan, North Macedonia, Serbia, Türkiye and Armenia. The main factors underpinning the high rates of rural youth unemployment include: (1) a lack of job-rich growth and sectoral diversification in rural value chains; (2) stagnating agricultural productivity and reliance on traditional family farming, which does not have the capacity to absorb additional employees; and (3) in certain cases, the impact of remittances on reservation wages for young people in recipient households. Indeed, outmigration to urban areas and third countries in the last two decades has prevented an even higher prevalence of unemployment among rural youth. In addition, young women’s withdrawal from the labour force, often due to care responsibilities and cultural norms, has led to deceptively low rates of unemployment among women. For those who find employment, especially the low-educated, the opportunities are more likely to be in informal employment (The Vienna Institute for International Economic Studies and World Bank, 2020). In the Western Balkans, for example, the share of informal employment in agriculture ranges from 45 percent in Serbia, to 79 percent in Bosnia and Herzegovina and 99 percent in Albania. Young people from rural areas are victims of the lack of, or inadequacies of, policy efforts aimed at activation, facilitating school-to-work and welfare-to-work transitions, and formalization of employment.
Rural youth who do not opt for migration face multiple and compound challenges in accessing decent employment, including: (i) employability barriers (such as educational attainment and lack of vocational and life skills); (ii) participation constraints (such as care duties, lack of self-confidence, disempowerment and distance from labour markets); (iii) information/incentive gaps related to job/training opportunities, social benefits and public job intermediation services; and (iv) cumbersome administrative procedures. These intersectoral challenges can best be tackled by integrated and individualized provision of labour market and social protection services at the local level. This includes integrated case management – which has been trialled in different shapes and sizes in the Western Balkans and Türkiye, and which holds much potential for facilitating the labour market inclusion of rural youth throughout the region.

### 3.3 Migration and remittances

Lack of decent on- and off-farm employment opportunities, coupled with low levels of social protection coverage and adequacy (discussed in Section 4), have meant that unprotected distress labour migration has been a common response for rural households. In Uzbekistan, for example, in 2018, more than 26 percent of the poorest quintile of households included at least one member who was an international migrant. In 2017, it was estimated that there were 2.5 million Uzbek labour migrants in the Russian Federation. Both in terms of absolute numbers and in terms of percentages, most Uzbek labour migrants are from the poorest and more rural areas, where employment opportunities beyond the smallholder plot are scarce. In Kyrgyzstan, it is estimated that between 15 and 20 percent of the population is working abroad, mainly in the Russian Federation (OECD, 2018), and in Tajikistan, it is also estimated that 10 percent of its total population works abroad (FAO, 2018b). Finally, in the Republic of Moldova, Ukraine, Belarus and the Western Balkans (except Albania), women migrants tend to outnumber men, while in Central Asia, Armenia and Azerbaijan, men outnumber women (UN, 2018).

Remittances from labour migrants have acted as important informal social safety nets. In Uzbekistan, remittances in 2019 were estimated to account for 11 percent of household income in the poorest quintile, and more than 80 percent of migrants are men (Seitz, 2019a). At the level of communities, the evidence suggests that the greater the share of the resident population that is wage-employed, the lower the share of households that send a migrant abroad (ibid.). In Tajikistan and Kyrgyzstan, remittances represent almost 30 percent of gross domestic product (GDP), meaning that they rank among the top countries in the world in terms of remittances as a share of national GDP (see Figure 9).

Remittances from abroad have certainly made a significant contribution to poverty reduction and improved food security and have reduced social tensions in Central Asia. Yet they have also led to exposure to different types of risks: for example, economic or other shocks in the migrant receiving countries (in particular the Russian Federation) have immediate impacts on the levels and regularity of remittances. There are also symptoms of some “Dutch Disease” (Brownbridge and Canagarajah, 2020), contributing to a reduction in farming activities, a greater reliance on food imports, and a rise in the reservation wage among the members of households who are left behind. The latter may disincentivize employment, particularly women’s employment, and contribute to declining labour force participation rates. In other cases, the migration of men in households has meant that women and older people have had to bear the burden of combining care duties with the maintenance of household agricultural activities, while children suffer from the impact of fragmented families. These processes have occurred in a context in which local social services are underdeveloped and unable to step in promptly to identify and provide appropriate support. Moreover, the exodus of young people to urban areas has resulted in the growth in size of the non-agricultural informal sector, and in some cases to the establishment of informal housing settlements on the outskirts of major cities and growth centres.
Migration, the increasing role of remittances in rural household incomes, as well as ageing populations, are contributing in some countries to an increase in underutilized and abandoned land and a decline in agricultural activities. In Armenia and North Macedonia, for example, around 33 percent of arable land is unused or abandoned (FAO, 2020a). There has been limited success in realizing the potential of remittances for investment in reviving local economies, and the evidence suggests that most remittances are spent on personal consumption (including housing, important family celebrations such as weddings, and in some cases, livestock; FAO, 2018b). Migration and remittances have therefore relieved poverty, but so far have had limited capacity to contribute to investment in the local economy and job creation. Attempts are, however, now being made to incentivize this – in Kyrgyzstan, for example, FAO is providing support and technical assistance for “matching grants”, whereby investments made by migrants in local economies are supplemented (or matched) by grants.

3.4 Mismanagement of natural resources and exposure to disasters and climate shocks

Although people living in rural areas are generally exposed to the same life cycle risks and contingencies as those living in urban areas, they also engage in livelihoods and income-generating strategies that tend to be more prone to natural and environmental risks (such as floods, droughts or land degradation), resulting in additional vulnerabilities. Volatile weather conditions, soil degradation, erosion, devastations, low yields, depletions of water reservoirs and droughts are common phenomena in the region, and they directly affect rural livelihoods and rural communities’ vulnerability to exogenous shocks. Agriculture accounts for a large share of water use in the region, but from North Macedonia to the Republic of Moldova and Tajikistan, rural agrifood producers have limited or no access to efficient irrigation techniques (FAO, 2020a). Moreover, land degradation has become a serious issue in Central Asia and some other countries and territories in the region, affecting the current and future incomes of smallholders (see Figure 10).
Over the longer term, climate change-induced changes in temperatures and rainfall are likely to affect agricultural production to an ever-increasing extent, and poor farmers and smallholders often have limited adaptive capacity. They rely on non-sustainable agricultural practices which deplete natural resources – these are necessary for their short-term survival, even when their long-term well-being depends on more sustainable practices. Non-adaptation of traditional production methods often means a continuing reliance on unsustainable practices – this contributes to environmental degradation (including land erosion and deforestation), which in turn increases the exposure of rural communities to the effects of climate-related hazards and disasters. In some cases, this is because of a lack of awareness and knowledge, but it can also be because households are unable to afford the costly or risky investments and changes in farming practices that are required. Moreover, agriculture is one of the main contributors to global greenhouse gas emissions, and country-level commitments to reducing emissions mean that there will be increasing pressure on producers, large and small, to change to more climate-smart or climate-sensitive practices. At the same time, the rural poor are the least likely to have access to the resources needed to change or adapt production methods, and make smooth transitions to more climate-smart agriculture. Well-designed and financed social protection schemes can potentially play a promotive role to facilitate such transitions (see Box 5 below).

**Box 5. Environmental constraints in rural areas: the case of Kyrgyzstan**

Over the past twenty years, the number of weather-related disasters in Kyrgyzstan has increased six times, with 70 percent of the events occurring in the southern regions. In 2016, weather-related emergencies caused damage totalling approximately USD 23 million. Available evidence suggests that it is the interaction between changing weather patterns and the degradation of natural resource systems due to human activities, which leads to the increase in damage from extreme weather events and threatens the future provision of key ecosystem functions (FAO, 2017c; Ministry of Economy and Finance of the Kyrgyz Republic, no date; State Agency for Environment Protection and Forestry, 2016).

Key reasons for the growing number of disasters include: (i) unsustainable harvesting of timber from mountain slopes; and (ii) degradation of hillside vegetation and along waterways due to livestock overgrazing.
Forest cover decreased at a rate of 6 percent between 2010 and 2016. Over 85 percent of the total land area is exposed to erosion mainly as a result of poor pasture management. Almost 60 percent of pastureland is exposed to some degree of erosion, and the growth in the share of pastureland suffering from erosion has accelerated in the last decade. About 25 percent is characterized as average-to-severely degraded. There is a growing volume of rainfall in spring and autumn, but because the hillsides and waterways are removed of their protective forest and vegetation, the risk of floods and landslides has increased.

Agricultural production is largely based on small-scale farming. There are around 400 000 small farms in Kyrgyzstan, which account for 96 percent of agricultural production. Most struggle to move beyond subsistence farming. Livestock is an extremely important source of income and nutrition for the rural poor. Moreover, it is considered an asset which can replace savings in terms of risk management at the household level. Livestock is thus perceived as a source of cash income and a means of savings accumulation. This has contributed to overgrazing and land degradation, leading to lower levels of forage and reduced animal productivity. It has also resulted in households owning more animals to compensate for the decline in productivity, in turn giving rise to even more grazing pressure and land degradation. All of this has meant that livestock numbers have increased by 41 percent since 2010. Agriculture is the second largest contributor to greenhouse gas emissions, its contribution is growing, and emissions from livestock represent 90 percent of total agricultural emissions.

The above represents an adaptation deficit, which social protection in theory could help to address in the following ways: through guaranteeing regular predictable cash transfers to the rural poor, which are of sufficient size to contribute to risk management; by supporting small farmers in making the initial investments required to transition to more climate-smart agricultural practices; in helping to address the barriers to more sustainable pasture use (through, for example, integrating a Cash+ element in the design of selected schemes); and by promoting and accompanying the diversification of incomes among the vulnerable rural population.

3.5 Summary

Social protection has the potential to help rural populations address or manage the above-mentioned risks, providing that social protection measures are given policy priority and that appropriate investment is made in systems and delivery mechanisms to allow social protection to fulfil all four of its key functions. However, as outlined above, rural poverty and vulnerability in the region – as elsewhere – are influenced by a multitude of risk factors, and the expansion of social protection alone will not be sufficient to address them all. For this reason, it is important that alignment and coherence with other policies, particularly agricultural, rural development and employment policies are achieved. As discussed below in Section 5, it is also important to ensure, in parallel, that the specific barriers faced by rural populations in accessing adequate social protection are addressed.
Section 3 described some of the risks and vulnerabilities faced by rural populations in the region, and provided pointers to how greater investment in social protection, coupled with improved coherence with other policies, could help to address these risks. This section looks at the available data to gain an idea of the extent to which national social protection systems in the region are currently equipped to (i) address and cushion these risks and vulnerabilities, and (ii) take on a broader range of roles and functions (see Box 6 for key concepts related to social protection systems; see Annex 3 for country-level data on social protection).

The countries and territories of the region inherited a legacy of well-developed social protection systems, based on universal principles, and encompassing the three main pillars of social protection set out in Box 1. Social insurance systems included the state pension system covering all workers, including collective farm workers. There were maternity benefits and generous maternity leave rights for employed women (who represented the majority), and there were social assistance benefits for certain categories, including older people living alone, war veterans, mothers with many children, and single mothers with children.

However, the inherited system was designed to complement full employment guarantees, and consumer subsidies on most basic goods and services, as well as housing and utilities. When these were removed in the 1990s, there was a sizeable increase in unemployment, underemployment, poverty and inequality. Countries of the former Soviet Union and the former Yugoslavia also suffered from the loss of subsidies from the central budget (which, for example, represented 30 percent of the Kyrgyz budget in 1990), and in many cases the loss of their export base, leading to considerable reductions in the fiscal space for social protection and other social policies.¹⁴

Most of the discussion on social protection since the 1990s has centred on how to keep this inherited system functioning, but in practice there has been a significant erosion of previous rights and benefits, in large part due to the reduction in social insurance coverage, and reluctance or inability to compensate for this through an increase in non-contributory schemes (UNDP, 2016). In the case

¹⁴ The case of Kyrgyzstan is summarized in Gassmann, Martorano and Waidler (2021).
of contributory social insurance, the emergence of a large informal sector has led to a reduction in access to pension and insurance rights for the working-age population, as these rights remain linked to formal sector employment. In almost all of the economies, targeted social assistance schemes were introduced to replace or supplement previous schemes, but these have tended to be narrowly targeted on the very poor, or on specific categories of the vulnerable population. As a result, only one-third of the poorest quintile in rural areas is covered by social assistance schemes. Moreover, the size of benefits is often too low to have a poverty reduction impact: benefits are estimated to be the equivalent of just 25 percent of post-transfer household consumption on average (World Bank, 2019a).

Overall, social assistance schemes have been conceived of as support which is narrowly targeted on a small section of the population, without access to formal employment (the “deserving poor”). They were designed on the assumption that with the transition to market economies, the private sector would be capable of creating sufficient jobs for those initially hit by unemployment and poverty. However, with growing shares of the working population placed outside the formal labour market, a growth in the numbers of working poor and in child poverty, and drops in the coverage and value of state pensions, glaring gaps have emerged in the ability of existing social protection systems to provide minimum social security guarantees across the life cycle (UNDG, 2018). As outlined below, these are due both to gaps in coverage, but also to the inadequacy of benefits, leading to limited capacity to contribute to poverty reduction. As a result, social protection systems have inadequately protected rural populations during the structural transformation processes and agricultural reforms which have occurred during the last two decades.

Box 6. Key concepts in analysing social protection systems

**Agricultural workers:** All persons working in economic activities across all sectors of agriculture, including farming, forestry and fisheries, as defined by the United Nations Department of Economic and Social Affairs (UN DESA, 2008). All activities involving the exploitation of vegetable and animal natural resources (including growing and harvesting crops, raising and breeding animals, harvesting timber and other plants, animals or animal products from a farm or their natural habitats) are considered agricultural work.

**Informal employment:** “All remunerative work (i.e. both self-employment and wage employment) that is not registered, regulated or protected by existing legal or regulatory frameworks, as well as non-remunerative work undertaken in an income-producing enterprise. Informal workers do not have secure employment contracts, workers’ benefits, social protection or workers’ representation” (ILO, no date [c], no page number).

**Social protection and labour:** This report takes the World Bank’s program classification in The Atlas of Social Protection Indicators of Resilience and Equity (ASPIRE) as the basis for defining all types of social protection and labour market interventions. Social Protection and Labour (SPL) includes social insurance, social assistance, the labour market and private transfers as sub-categories.

- **Social insurance** includes contributory pensions (old-age, survivors’, disability) and other social insurance comprising occupational injuries benefits, paid sickness leave benefits, health benefits and maternity/paternity benefits.
- **Social assistance** includes unconditional and conditional cash transfers, non-contributory social pensions (old-age, survivors’, disability), food and in-kind transfers, school feeding, public works/workfare, fee-waivers/subsidies (health, education, utility, food, housing), and others (e.g. scholarships, social care).
- **Labour market** includes active labour market policy measures (training, employment incentives/wage subsidies, employment measures for persons with disabilities, entrepreneurship support, labour intermediation) and passive measures (contributory and non-contributory unemployment benefits).
4.1 Coverage

Despite their inheritance, the majority of ECA countries and territories now underinvest in social protection: 10.1 percent of the region’s GDP compared with 19.3 percent of GDP in the European Union (ILO, 2021; Eurostat, 2019). Shares range from 4 percent in Tajikistan to 16.2 percent in Ukraine (International Monetary Fund, 2019).

There are multiple definitions of coverage in relation to social protection programmes. The analysis presented here adopts the World Bank definition of coverage as the proportion of the population participating in (either receiving or contributing to) social protection and labour programmes as direct and indirect beneficiaries (World Bank, 2019a). Figure 11 shows the relatively higher coverage of social insurance compared with other social protection programmes. This is in line with the former socialist backgrounds of certain countries in the region whereby priority was traditionally given to contributory schemes, and within these, to old-age pension provision. In fact, 39 percent of rural populations are covered by contributory pensions (old-age, survivors’, disability) while less than 1 percent are covered by other aspects of social insurance such as occupational injury benefits, sickness leave benefits, and maternity/paternity benefits. Only 5 percent of rural populations in the region receive non-contributory social pensions and less than 1 percent receive unemployment benefits (both contributory and non-contributory for those with insufficient or no contribution history).

*References to Kosovo shall be understood to be in the context of Security Council Resolution 1244 (1999).

All FAO programme countries and territories except Bosnia and Herzegovina, Kosovo, Montenegro and Turkmenistan for which data are unavailable.

See Bacil, Bilo and Silva (2020) for a detailed descriptive analysis.

Specifically, coverage is the proportion of the number of individuals in the quintile who live in a household where at least one member receives the transfer within the total number of individuals in that quintile.
Figure 11. Percentage of rural population participating in or benefiting from social protection and labour market programmes (direct and indirect beneficiaries)


Notes: (i) Subregional averages are weighted to rural population size. (ii) Latest available data are used (2008–2018). (iii) Private transfers are included to provide a proxy measurement for the importance of remittances compared to formal social protection systems.

Figure 12 shows the levels of coverage among the poorest quintiles of the rural populations in Europe and Central Asia. Compared with the whole rural population, levels of coverage by social insurance are slightly lower, especially in Türkiye; while levels of social assistance coverage are considerably

Figure 12. Percentage of the poorest quintile of the rural population participating in or benefiting from social protection and labour market programmes, including direct and indirect beneficiaries


Notes: (i) Subregional averages are weighted to rural population size. (ii) Latest available data are used (2008–2018).
higher, which can be attributed to the fact that the main social assistance programmes are in fact targeted on those most in need. The data, however, do not suggest better coverage of labour market services for the poorest quintile. Figure 13 summarizes the overall gap in coverage, by showing the numbers and share of the rural population in the lowest quintile, not covered by any social insurance or social assistance benefits.

To better illustrate how the coverage and scope of social protection and labour programmes are designed at the country level, Annex 2 provides examples of national social protection systems in three countries from different subregions, namely Serbia, Türkiye and Uzbekistan.

4.2 Adequacy and impact

The data suggest that the proportion of the population (that is, not just the bottom quintile) receiving one or more social protection and labour benefits is higher in rural populations (53 percent) than in urban ones (50 percent) in the countries and territories covered by this study (World Bank, 2019a). Despite this achievement in extending coverage to rural populations, the evidence also suggests that the impact of social protection in addressing rural vulnerabilities is limited.

Adequacy is defined as the total transfer amount received by all beneficiaries in a quintile as a share of the total welfare of beneficiaries in that quintile (World Bank, 2019a). Put differently, indicators of adequacy capture the relative weight of social transfers in household per capita income or consumption (depending on the welfare indicator used to measure household living standards). Social insurance payments, in particular old-age pensions, tend to be more adequate in terms of benefit size (that is, they have a stronger impact on households’ total income or consumption), and for this reason, are also more likely to have the greatest poverty reduction impact on rural households.


**Notes:** (1) Latest available data are used (2008–2018). (2) Social protection here refers to social insurance and social assistance schemes.
Figure 14. Total transfer amount received by all beneficiaries in rural areas as a share of the total welfare of beneficiaries in that group, by subregion and type of social protection benefit

<table>
<thead>
<tr>
<th>Subregion</th>
<th>Adequacy of labour market benefits</th>
<th>Adequacy of social assistance benefits</th>
<th>Adequacy of social insurance benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Türkiye</td>
<td>8</td>
<td>8</td>
<td>45</td>
</tr>
<tr>
<td>Central Asia</td>
<td>5</td>
<td>13</td>
<td>30</td>
</tr>
<tr>
<td>South Caucasus and Eastern Europe</td>
<td>9</td>
<td>17</td>
<td>31</td>
</tr>
<tr>
<td>Western Balkans</td>
<td>19</td>
<td>16</td>
<td>36</td>
</tr>
</tbody>
</table>


Notes: (i) Subregional averages are weighted to rural population size. (ii) Latest available data are used (2008–2018). (iii) Welfare refers to total household income or consumption expenditure.

Figure 14 shows, for example, that in Central Asia, social insurance payments (the vast majority being old-age pensions) account for 30 percent of total household welfare for the rural population on average, compared with 13 percent for social assistance benefits. This can be attributed both to the relatively broader coverage of social insurance programmes compared with social assistance and labour programmes.

Since the beginning of the transition period in the 1990s, pensions have played a major poverty reduction role for all social groups. They have had an impact beyond their original and core function of preventing or reducing the risk of poverty in old age, enabling consumption smoothing across the life cycle. The low level of social protection support available for other age groups – in both urban and rural areas – is partly based on the reluctance or inability of governments to compensate for drops in pension coverage and employment guarantees by expanding access to non-contributory schemes. To some extent, this has been due to the assumption that greater access to non-contributory cash transfers will discourage working-age members of society from seeking employment to support themselves and their families. It was also based on optimistic expectations of the capacity of the private sector to create formal sector jobs. However, the limited capacity of the private sector in the countries of the region to create decent jobs – in sufficient numbers to absorb a growing workforce and first-time labour market entrants, as well as rural-urban migration flows – proved the need for more investment in both social assistance and labour market programmes. These are required to accompany programmes aimed at achieving an expansion of and transition to decent jobs, and to provide social assistance beneficiaries with the prospects of exit from poverty over the longer term. The fact that large shares of the rural and urban workforces are in informal and often precarious low-income employment, or they are migrant workers abroad, makes it imperative to strengthen the link between social protection and economic inclusion strategies.

The dominance of pensions means in practice that social protection coverage among the older age groups in the life cycle is more prevalent than among children or working-age populations. In Uzbekistan, for example, 23 percent of the overall population are direct beneficiaries of social protection programmes, and 54 percent live in households with at least one beneficiary (UNICEF,
Figure 15. Poverty gap reduction and poverty headcount reduction due to social protection and labour programmes as a percentage of pre-transfer poverty gap and poverty headcount for rural households in the poorest quintile


Notes: (i) Subregional averages are weighted to rural population size. (ii) Latest available data are used (2008–2018).

Figure 16. Gini inequality index reduction due to social protection programmes as a percentage of pre-transfer Gini index for rural populations, by subregion of Europe and Central Asia


Notes: (i) Subregional averages are weighted to rural population size. (ii) Latest available data are used (2008–2018).
2019). However, among the 0 to 18 years age group, only 19 percent are beneficiaries. The level of coverage falls to 13 percent among adults of working age, and increases to 92 percent among those of retirement age and older. It should be noted, however, that the old-age pension system makes a sizeable contribution to poverty reduction for all age groups. In 2018 in Uzbekistan, the poverty rate would have been 39 percent higher had there been no social protection payments, and old-age pensions were responsible for 77 percent of this overall reduction. Moreover, there was a one-third reduction in child poverty in 2018 due to social protection, and old-age pensions were responsible for 70 percent of this reduction (UNICEF, 2019).

Figure 15 shows the impact of different programmes and private transfers (as a proxy for remittances) on poverty headcount figures and in reducing poverty gaps (the depth of poverty), and also underlines the predominance of social insurance. The data suggest that the poverty reduction impact of old-age pensions is even greater than remittances, including in rural Central Asia where remittances are prevalent. Moreover, Figure 16 shows that social insurance has a considerable impact on reducing income inequality in all of the subregions.

4.3 Summary

First, in the countries and territories covered by this report, the barriers faced by all sections of the population – not just rural populations – in accessing social protection rights include the fact that policy approaches and social protection systems have never fully adjusted to the loss of employment guarantees, and the need to accommodate the high degree of informality in labour markets. Access to social insurance schemes remains largely conditional on formal employment, resulting in a shrinking pool of contributors with implications for the financial sustainability of the schemes. The evidence from the region presented above shows that old-age pensions make the greatest contribution to poverty reduction, relative to non-contributory schemes. However, the predominance of minimum pensions among rural populations, and the shrinking shares of the working population covered by contributory schemes, mean that the poverty-reduction capacity of pensions is being increasingly diminished. Both expansion of coverage and a more balanced mix of contributory and non-contributory schemes are required in order to establish more solid national social protection floors which can make a serious contribution to the reduction of rural poverty.

Second, social assistance schemes introduced in the 1990s to compensate for the withdrawal of many subsidies, and the right to employment, were based on very tight eligibility criteria, and on the idea that they were needed only to cover a residual part of the population that could not find employment. There has been little appreciation of social protection as a right, and of the potential role and benefits of moving towards more universal approaches to social protection. These conceptual approaches continued to dominate the policy discourse until the outbreak of the COVID-19 pandemic. The dominant narrative was that beneficiaries were at risk of becoming passive and dependent if they were guaranteed access to regular and reliable social assistance cash transfers, and social assistance transfers were perceived as a form of charity. Box 7 summarizes evidence from sub-Saharan Africa on the positive impacts of regular receipt of social assistance on productivity and labour allocation among poor rural households, as well as on local economies. In the wake of the pandemic, there are signs of an increased interest in expanding the scope and role of social assistance and, correspondingly, making an augmented investment in it.

Third, the size of benefits and eligibility criteria have been linked to very restrictive national subsistence minimums, and there has been an incapacity, mixed with reluctance, to expand the fiscal space available to increase the coverage and adequacy of non-contributory benefits, and to explore alternative sources of finance.

Fourth, there has been significant underinvestment in active labour market programmes. The existing networks of employment services within countries of the region have not been modernized or financed in order to extend beyond basic administrative tasks. The employment services currently do not have the capacity to provide counselling and implement a variety of employment programmes tailored to different sections of the working-age population.
Finally, agricultural insurance can potentially play a complementary role to other social protection programmes to promote risk management among poor rural households. Although the evidence suggests that there is a deficit of adequately developed insurance systems for smallholders in the region, there have been attempts to introduce them in some countries (FAO, 2020a). For example, in North Macedonia, the government subsidizes 60 percent of the costs of insurance for smallholders. Yet even when schemes are available, there is little take-up among farmers. It is reported, for instance, that farmers in Georgia and Tajikistan see little value even in state-subsidized insurance packages. Serbia introduced subsidized insurance schemes for registered agricultural holdings in 2007, offering subsidies of between 30 percent and 45 percent, but there are still relatively few farmers with agricultural insurance. Moreover, there are also supply issues, because insurance companies are not always keen to enter the agricultural sector, considering its high risk, and the difficulties involved in, for example, predicting future yields and market prices.

Box 7. The economic and productive impacts of social assistance cash transfer programmes

Cash transfer programmes entail the provision of money to poor households, yet a common perception is that they encourage dependency among recipients. Concerns are often raised in policy circles that providing cash to the poor leads to less productivity and greater dependency on the transfers. FAO’s summary of the findings from rigorous impact evaluations carried out by FAO and the United Nations Children’s Fund (UNICEF) of seven cash transfer programmes in sub-Saharan Africa shows that – far from creating a disincentive to work – cash transfers among poor rural households represent a strategic investment to enhance the economic and productive potential of poor (FAO, 2016a). The evaluations found that cash transfer programmes enhanced agricultural activities, as evidenced by increases in the area of worked land and use of agricultural inputs by beneficiaries. There was a reduction in casual wage labour and survival tactics and a transition to more own-farm activities. Risk management capacities were improved through increased engagement in non-farm businesses, and a reduction in distress sales of assets. In most cases, cash transfers did not crowd out private remittances, and they also generated impacts among the wider community, as beneficiaries spent the cash in the local economy. Non-beneficiaries can benefit from cash transfer programmes, although maximizing the income multiplier impact often requires complementary interventions. The evidence suggests that cash transfers had an income multiplier impact at the household level, as there was stronger engagement in capital investments for agricultural production and new economic activities. Overall, the impact evaluations showed that regular and predictable transfers can facilitate planning, consumption smoothing and investment; and can also promote farm and household-level production gains.

Based on country studies for Albania, Armenia, Georgia, Kyrgyzstan, Republic of Moldova, North Macedonia, Serbia and Tajikistan.
What are the main barriers faced by rural populations in accessing comprehensive and adequate social protection?

A recent report by ILO and FAO (2021) sets out the main barriers to extending social protection to rural populations, categorizing them in terms of: (i) exclusion from legal frameworks and programme design; (ii) financial barriers (both for the state and for those who should be protected by the scheme); (iii) administrative and institutional barriers, including low administrative capacity and burdensome administrative procedures; (iv) lack of awareness and lack of information leading to exclusion; and (v) lack of coherence and fragmentation in social protection systems, leading to gaps in coverage, duplication and inefficiencies, and in some cases to distorted incentive structures. These categories are applied below to demonstrate the multiple barriers faced by rural populations in the Europe and Central Asia region, drawing upon analyses from the two subregional reports commissioned by FAO in 2016 and 2018 (FAO, 2016b; Vukovic, 2018).

5.1 Legal frameworks and programme design

5.1.1 Social insurance
Contributory social insurance in the region consists of old-age pensions, maternity benefits and leave, sickness and work-disability pensions, and unemployment benefits. The data analysis above shows that old-age pensions have the greatest coverage and poverty reduction impact of all social protection benefits, and that coverage with other social insurance rights is far more limited. In other regions of the world, self-employed informal agricultural workers have been found to be considerably at risk of being excluded from social insurance rights, and often excluded from the existing legal frameworks. In the ECA region, there have been adjustments made to the frameworks governing pension schemes to accommodate the rural self-employed, but very limited attempts to adjust maternity, sickness and unemployment schemes.

State pension schemes based on the length of working service and previous earnings are available throughout the region. Registered self-employed and own-account workers are not excluded, in that there are special regimes for them which envisage shorter contributing periods and minimum

See also Allieu and Ocampo (2019) and Sato (2021).
contribution rates. For other categories (including contributing family workers) contributions are mostly voluntary. In the Western Balkans, formal registration of own-account workers as self-employed is usually a precondition for accessing social protection schemes. In some cases, the lack of incentives to register formally represents a major barrier to accessing social insurance rights. In North Macedonia, for example, only 41 percent of subsistence farmers have registered, meaning that well over 50 percent do not qualify for participation in the state pension scheme. In the Western Balkans, there are no non-contributory minimum social pensions for those not covered by contributory schemes (Vukovic, 2018).

Thus, the issue is not so much the lack of inclusion in legal frameworks, but the fact that rural populations are far more likely to have more limited pensions. Even if covered, the pension size is based on shorter contributory periods and lower contribution rates (lower shares of average earnings). For example, in Serbia, the average contributing period for farmers in 2016 was 19 years for men and 17 years for women, compared with 37 years for men employees and 32 years for women employees. The average farmer’s pension in North Macedonia and in Montenegro represents 50 percent of the overall average pension. In Serbia, the average pension represents 50 percent of the national average salary, while the average farmer’s pension represents 22 percent of the national average salary. In Albania, the average old-age pension in rural areas is 57 percent of the average for those residing in urban areas (Vukovic, 2018), and in Azerbaijan, the situation is similar. More than one million people are engaged in farming, subsistence agriculture and self-employment and they are marginally covered by social protection systems. The majority of these workers will be entitled to a minimum pension at best (FAO, 2016b). Therefore, solutions for encouraging participation, including lower contribution rates for rural workers, can create vicious circles because they result in lower pensions, which in turn act as a disincentive to encouraging voluntary participation (see Box 8).

Women in rural areas are less likely to be covered by pension schemes, or they are entitled to smaller pensions than men. This is in large part because they have fewer years of contributions (“stash”) due to the fact that they are more likely to take on unpaid care duties within the household; they are also more likely to have the status of contributing family workers. In Albania, for example, 39.8 percent of all employed women are contributing family workers compared with 22.3 percent of employed men – and women represent one quarter of all employed in agriculture. In Serbia, women’s employment in non-agricultural sectors is smaller than that of men (20 percent compared with 34 percent) and of the 56.6 percent of employed women who are employed in agriculture, almost all (98 percent) work in their own household, often as contributing family workers. In Serbia, 93 percent of contributing family workers and 37 percent of rural women have never been insured, compared with 25 percent of men (Vukovic, 2018); and in the Republic of Moldova, more than 60 percent of women work in agriculture, where salaries are 15 percent to 25 percent lower than salaries in industry (FAO, 2016b).

The fact that land is typically not registered in the woman’s name also has a negative impact on coverage. Usually, the farm must be registered to qualify for participation in social insurance schemes. In Serbia, it is estimated that one in five farmers are insured, the majority being heads of households, which is typically a man. This has a direct impact on gender-based differences in access to pensions and other benefits. For example, in Albania where 93 percent of heads of households are men, all men (100 percent) above pensionable age receive a pension compared with just over 60 percent of women (Vukovic, 2018). As a result, women are more likely to receive minimum pensions in old age, and are more likely to be economically dependent. It was noted above that rural populations are ageing in all subregions, with the exception of Central Asia. Women’s life expectancy is around five years higher than men’s, and they face a greater risk of poverty in old age than men, yet are less likely to have access to an adequate pension (FAO, 2016b).

Migrant workers have in the past – due to the informal nature of most migration – lost their pension rights in the country of origin, and have not acquired any in the country of destination. In theory, the Commonwealth of Independent States (CIS) Agreement on Cooperation in the Field of Labour Migration and Social Protection for Migrant Workers (first ratified in 1995 and complemented with an additional protocol in 2005) and the Eurasian Economic Union Treaty (Articles 97 and 98) regulate the
social assistance and social insurance entitlements of migrant workers in member states, except for pension rights. However, the fact that most labour migration to the Russian Federation was informal or circular meant that these rights could not be accessed by the majority of migrants. Over the last decade, more attention has been paid to guaranteeing pension rights and making them transferable. Central Asian countries are now in the process of establishing reciprocal agreements with the Russian Federation to grant migrant workers the right to transferable social pensions, for example, the Uzbekistan–Russian Federation agreement in 2017.21 For Armenia and Kyrgyzstan, membership of the Eurasian Economic Union’s single market since 2015 has eased the problems of portability of pensions and led to a considerable increase in the number of formal labour migrants.

The Western Balkans provides several examples of specific schemes to incentivize the participation of self-employed farmers into social insurance pension schemes. These include co-financing mechanisms, and in some cases, the provision of extra incentives such as privileged access to other rural development programmes. In Republika Srpska, an entity in Bosnia and Herzegovina, there has been a programme linking contribution payments with various advantages for farmers, such as discounts on pesticides and fertilizers. In Albania, social contributions of the self-employed in agriculture are co-financed through the state budget, and people who own land but do not carry out any agricultural activities are automatically registered as self-employed and are thus eligible for coverage (Vukovic, 2018).

These attempts to bring the self-employed into formal schemes have had some success. But they remain problematic due to affordability (they are linked to other tax obligations, not just social security payments), complicated registration processes, the lack of employer-side contributions, and the lack of incentives in part because of low pension sizes. Gaps in coverage are most evident among contributing family workers.

In the Western Balkans, the shares of those in pension age (in the overall population) covered by pension schemes ranges considerably, from 77 percent in Albania to 46 percent in Serbia, and just under 30 percent in Bosnia and Herzegovina. Only 5 percent of those self-employed in agriculture are covered with pension insurance in Albania, and 19 percent in Bosnia and Herzegovina (Vukovic, 2018).

Georgia’s response to the decline in numbers of those participating in its contributory scheme was to eliminate it and replace it with a universal old-age pension. This led to improvements in coverage, particularly for rural residents: 95 percent of the population above 60 years are reported to be covered. However, the size of the pension is small, representing 18 percent of the average wage in Georgia in 2014. Despite this, it is thought to have accounted for a poverty reduction of 15 percent, with a much higher impact on poverty reduction among older people, particularly in rural areas (Abels, no date).

Box 8. Rural populations’ access to social protection in Türkiye

Currently, around one-quarter of the population of Türkiye lives in rural areas (World Bank, 2020c). Sixty-one percent of men and 27 percent of women in rural areas are in employment, highlighting a significant gender gap in rural labour force participation (ILO, 2019a). Agriculture accounts for 35 percent of all jobs in rural Türkiye (ILO, 2019a); and 84 percent of agricultural workers are not registered with the Social Security Institution or SGK (TurkStat, 2020), the majority of whom (87 percent) are own-account workers or unpaid family workers including children (one-third of the 720 000 child workers in the country are in agriculture; TurkStat, 2019). As of 2013, 41 percent of rural households were covered by social insurance, 25 percent

by social assistance, and almost none by labour market (LM) services. The main forms of social assistance are in-kind transfers (16 percent), unconditional cash transfers (10 percent) and social pensions (6 percent; World Bank, 2019b). In line with the country’s social policy objectives, social insurance coverage has been expanding, while social assistance coverage has been declining over the last two decades.

Regarding social insurance, as relating to Law No. 5510, in force since 2008, agricultural workers who are permanently or temporarily employed as employees should be insured by the employer (Article 4/a), and own-account workers should self-register (Article 4/b). Agricultural own-account/contributing family workers whose average monthly operating profit (agricultural earnings less expenses) is above TRY 3,577.50 (equivalent to USD 430, as of 2021) are subject to mandatory contributory social insurance registration (Article 4/b). If monthly profit is below this threshold, agricultural own-account/contributing family workers can voluntarily participate in the same contributory insurance scheme. All agricultural workers who are registered in the Chamber of Agriculture are mandatorily registered with the Social Security Institution (as stated by Law No. 5510). All state subsidies and procurements by the Agricultural Products Office (TMO) require producers to be registered in farmers’ registers and thereby with the Chamber of Agriculture. Despite these legal and operational requirements, de jure registration and de facto regular payments to social insurance schemes among agricultural workers lag behind those of other segments of the working population. In Türkiye, agricultural social insurance (SGK 4/b for agricultural workers) is the only category where passive recipients (of old-age, invalid, disabled and survivors’ pensions) outnumber active contributors (SGK, 2020), pointing to issues of fiscal sustainability.

5.1.2 Maternity leave

Those employed in the formal sector are entitled to maternity leave, provided that they have paid social insurance contributions for a minimum period before birth (the minimum period ranges from 6 to 18 months in the Western Balkans). This applies to both the employed and the self-employed, but in practice rural workers are deprived of enjoying this right in the region. Few countries have transformed maternity leave into parental leave, and even if formal changes have been made to the legislation, the prevailing norms mean that women take on child and other care duties. Rural women are not usually covered by maternity leave rights, particularly women who are contributing family workers. In Albania, for example, only 19 percent of women from rural areas who gave birth in 2014 received maternity allowance, compared with 59 percent of pregnant women from urban areas (Vukovic, 2018). In North Macedonia, the situation is similar:

Taking into consideration the high level of undeclared work in the country, as well as the high unemployment in North Macedonia, it may be assumed that the maternal leave scheme is fully used mainly in the public sector, and it is mostly in this sector that maternal leave provides important support for parental labor market participation (Mitev, 2015, p. 10 cited in Vukovic, 2018, p. 22).

One legacy of the former Soviet Union is generous maternity leave for women, involving leave pre- and post-childbirth of approximately 140 days. Moreover, women may take two-year additional leave on a reduced wage. In most countries, there is an option to extend this to three years, but the third year is unpaid, and the job must be retained. However, these maternity rights have played an ambiguous role in protecting women during the transition to market economies. First, they are available only to the shrinking share of the female workforce in formal employment (mainly in the public sector), and second, they have made women expensive to hire relative to men especially for scarce formal private sector jobs (FAO, 2016b).

5.1.3 Employment insurance

Due to the prevalence of self-employment, the rural population is far less likely to be covered by unemployment insurance than urban workers. For example, in North Macedonia, unemployment insurance is not mandatory for the self-employed and there are no measures aimed at extending unemployment insurance to self-employed and non-standard workers. In Serbia, the government
estimates that one in five farmers is insured for unemployment, the majority being heads of
households. Seasonal workers and contributing family workers are in a less advantageous position
(Vukovic, 2018).

In the region, minimum unemployment benefits are available for those with no work record or contribution history. However, uptake is low due to the low levels of benefits, as well as administrative barriers.

5.1.4 Social assistance
Targeted social assistance benefits (based on means testing) as well as categorically targeted benefits (available for certain categories of the population) are available in all countries and territories of the region. The means-tested schemes are typically oriented towards the extreme poor, and have very restrictive eligibility criteria. Some of these are specifically aimed at poor families with children, and take the form of targeted child benefits. In other cases (for example, Montenegro), child allowances are added on to targeted benefits for low-income families. The eligibility criteria for social assistance benefits characteristically include, inter alia, owning or having the right to use a land plot of a certain size (usually 0.5 ha) and imputed household income from farming and livestock – which effectively disqualify many rural households (see Table 1). For example, in Serbia, the Centers for Social Welfare (CSWs) assess the applicant’s income, including that from informal employment, remittances and possession of movable assets, as well as “forgone” income, that is the income the applicant might have secured had she or he, for example, used her or his land plot. In many cases, strict conditions are imposed: applicants must be actively looking for a job, participating in a training programme, or employed in a public works programme. In Kosovo*, families with assets are automatically excluded. The relevant law in North Macedonia lists the types of properties from which a beneficiary can obtain income, and the list includes a family house or apartment which is not used for living, a house under construction, a house for retreat and recreation, a registered motor vehicle or agricultural land owned or leased which is larger than 7 000 square metres. All of these effectively disqualify potential applicants from social assistance. In the case of both Kosovo* and North Macedonia, the laws and policies do not consider the family’s ability to use assets productively or for commercial purposes (Vukovic, 2018).

Social assistance also includes social pensions, such as minimum old-age pensions available to those who have no or limited contributory history, and it is these which have broader coverage and more impact than targeted means-tested benefits. These are more prevalent in the countries of the former Soviet Union than in the Western Balkans. For example, the experience in Azerbaijan illustrates the scope and coverage of targeted and conventional social assistance programmes comparatively:

Since 2006, Azerbaijan has been implementing its first income-tested programme (child allowance), with an explicit poverty-reduction mandate. This social assistance programme provided cash to low-income families with children, and was completely financed by the state. Eligibility was calculated based on the number of children and average income in an applicant family. The average amount of assistance for one family in the country was nearly 100 Azerbaijani manats. The programme had very low coverage (less than 1 percent of households) and consumed 1.16 percent of total social assistance expenditures (FAO, 2016b, p. 29).

By contrast, social pensions provide protection for older people who do not qualify for a social insurance pension and redistribute 35 percent of the total social assistance budget (FAO, 2016b).

5.2 Financial barriers
On the supply side, financial barriers include the lack of fiscal space (actual or perceived) for expanding social protection and improving adequacy – especially in the face of additional government spending, forgone revenues, equity, loans and guarantees due to the COVID-19 pandemic (Nagle and Sugawara, 2021). In the countries and territories of the region, pension funds are struggling to retain financial sustainability due to dwindling contributions, partly as a result of smaller contingents in the working-
age groups, but also due to the shrinking share of formal sector workers. Due to the commitment to pension provision, increasing shares of state budgets are required to cover gaps, leaving less budget resources available for expanding non-contributory social protection.

On the demand side, affordability affects the uptake of social insurance. Throughout the world, smallholder farmers tend to have limited contributory capacity because of their low, erratic and seasonal earnings, while liquidity constraints can make rural people prioritize other pressing needs. As indicated above, small pension sizes but also a lack of trust in state systems both affect uptake.

Widespread informal employment coupled with ageing populations have led to a marked increase in the number of pensioners compared with the number of contributors. In Central Asia, the ageing of the population is not as marked as in other subregions, however, the large shares of informality have led to reduced contributions. The increasing subsidies required to cover pension payments, and the rising amounts required to pay for social pensions, means that there is an urgent need to look for alternative ways of financing pension schemes.

For non-contributory schemes, financial barriers on the demand side include the transaction costs related to enrolment, collecting payments and compliance with programme requirements – which tend to be disproportionately harder for remote rural areas considering the poorer roads, cost of transport and time poverty (ILO and FAO, 2021). Another barrier in the region for social assistance uptake is the small size of the benefits: the opportunity costs of applying can outweigh the advantages of receiving extra cash. In Kazakhstan, the average monthly size of the state social allowances to low-income families is set at 40 percent of the subsistence minimum (FAO, 2016b); and in Kyrgyzstan, the average size of the monthly low-income benefit was reported to be just over 50 percent of the extreme poverty line in 2018 (OECD, 2018).

The same issues apply to unemployment benefits. In Albania, the unemployment benefit is equivalent to approximately EUR 83 compared with the 2016 average monthly wage in the private sector of EUR 340 and EUR 394 in the public sector. In Montenegro, the benefit amounts to 40 percent of the minimum wage; and in Serbia, a survey of beneficiaries found that 82 percent of them estimated that benefits covered one-third or less of their needs (Vukovic, 2018).

5.3 Administrative and institutional barriers

Administrative costs and capacity represent further barriers to expanding social protection and labour programmes. On the supply side, the high administration costs of operating a network of contact points for social protection institutions can create barriers to coverage in rural, remote and hard-to-reach areas. On the demand side, remoteness and lack of access to quality services (due to poor roads, the cost of transport and time poverty, especially for women) may also make the cost of accessing social protection higher than the benefits themselves. This is particularly apparent in the case of unemployment benefits and Azerbaijan represents an illustrative case:

In Azerbaijan, since 2003, unemployment benefits reached as little as 2 to 3 percent of all registered unemployed, and even less than 1 percent according to the ILO’s methodology. A similar situation is observed in other countries of the region. There are a number of reasons for such low coverage, that are both political as well as bureaucratic in nature, including high transaction costs and barriers, such as strict documentation requirements of unemployment status, the low level of benefits and a high share of workers in the informal economy, unregistered employment and labour migration (FAO, 2016b, p. 22).

Physical distance and an inability to pay transport costs are barriers which are particularly relevant to women from rural areas, who have limited access to mobility and transportation compared with rural men and women from urban areas. Research from Serbia demonstrates that the burden of everyday household duties (related both to work for the farm and care for other family members) prevents women travelling to visit Centers for Social Welfare, and local self-government and employment services (Vukovic, 2018). Additionally, qualitative research suggests that beneficiaries
frequently complain that procedures are complicated and hard to understand and that professional and administrative workers are often unsupportive and unresponsive (Vukovic, 2018). For example, the beneficiary assessment conducted in North Macedonia showed that the child allowance does not make a significant contribution to the household budget, while at the same time, the application and transportation costs, as well as a lack of information about the benefit, are often obstacles to applying. Armenia provides an example of the importance of investment in locally accessible offices:

In the process of the reform, particular attention was given to institutional development, to ensure adequate access to ... state social welfare throughout the country. For this purpose, the Ministry of Labour and Social Protection of the Republic of Armenia created nearly 180 local offices, including more than 50 employment and pension insurance centres, nearly 30 stations of social services (primarily for medical assessments of capacity), and jointly with the municipalities and regional administration, opened 54 territorial branches of social services to deal primarily with cash benefits and lump-sum support to families in need (FAO, 2016b, p. 28).

Since 2016, reforms have continued in Armenia, and it is planned that the main social services offices are accessible under one roof by the end of 2022. From April 2021, work on the creation of Unified Social Service regional centres has been underway, housing all social protection offices (including the social security service, medical and social examinations, and state employment offices).

Throughout the region, investments are being made in social registries and digitalization, in order to improve administration and coordination between the different elements of social protection systems, and ease processes of application. For example, Azerbaijan is introducing internet access in rural areas through postal offices where application for social benefits can be made (FAO, 2016b). Azerbaijan is also moving towards the establishment of one-stop shops for integrated provision of social protection and employment services through a single entry point offered by the newly established Agency for Sustainable and Operational Social Security (DOST) under the Ministry of Labour and Social Protection of the Population of the Republic of Azerbaijan. The first DOST centre was opened in May 2019, and there are plans to open 31 centres throughout the country, providing access to 132 different services through face-to-face consultations, but also through dedicated call centres, and online queries and applications.

However, there is a risk that these improvements are used predominantly to tackle inclusion errors, rather than as part of a strategy for expanding the coverage and adequacy of systems, ensuring coordination, and increasing efficiency from the point of view of the beneficiary. For example, Montenegro recently introduced a system of integrated databases (including cadastre, tax administration, and police databases) and the application process has been automatized. However, the number of beneficiaries dropped by 50 percent in four years (Vukovic, 2018). Rural populations also risk being disadvantaged due to their lower access to the internet.

### 5.4 Institutional and capacity gaps

Major institutional gaps include the lack of modern employment services. There are networks of local employment services in all countries, but they encounter low levels of trust by both employers and jobseekers. The services see their task as the bureaucratic registering of vacancies and matching with jobseekers: there are few staff qualified to work with jobseekers on a case management basis.

Another gap, particularly in countries of the former Soviet Union, is the lack of tradition of local professional social workers, and the involvement of non-governmental organizations (NGOs) in providing a range of support services. In the Western Balkans, there is a tradition of local social services coordinated through local (district) Centers for Social Welfare. However, all countries lack an adequate mechanism for financing local service delivery. Funding is often the responsibility of municipalities, but there is no clear funding mechanism, and no centrally determined minimum package of services which local municipalities should provide (for example, in the case of Kosovo”). Recent reforms have expanded the role of local administrations, for instance in Albania, including
through the incentivization and engagement of NGOs and other local actors in service provision. In cases where CSWs remain the sole service provider, high workloads per case manager remain a persistent problem.

5.5 Summary of barriers

Table 1 illustrates the various design and other factors which contribute to the exclusion of rural households from social insurance, social assistance and labour market programmes. The main factors leading not just to exclusion but also low effectiveness of social protection for rural populations can be summarized as follows:

♦ In most cases, rural households that own agricultural land larger than 0.5 ha are a priori not eligible for targeted social assistance schemes, whether or not the land is productive and the family capable of using the land productively. For means-tested social assistance benefits, household income imputations often use formulas which overestimate the potential income that agricultural land and livestock can generate, due to weak productive capacity or lack of links to supply chains.

♦ Even when contributory schemes are in theory universal, it is not always easy for rural contributors to enrol because of cumbersome administrative processes, including registration and entitlement-maintenance procedures.

♦ Where applicable, mandatory individual registration for social insurance and social assistance schemes, self-employment registration and registration at public employment services for active labour market programmes (ALMPs) require rural applicants to have an adequate knowledge of systems, access to personal documents/records, and the ability to regularly check in with counsellors. Rural applicants rarely have access to the required documents/records, and there is little evidence of awareness-raising and information campaigns targeting rural populations. Intersectoral, interministerial cooperation may be required to conduct awareness-raising actions in rural areas, and create one-stop shops, allowing several public institutions to have a greater local presence.

♦ Rural women are more likely to work as contributing family workers, implying limited or no access to social insurance schemes. Out of those with access, rural women are more likely to be in low paid jobs, and to have fewer years of contributions, because of breaks for child care purposes, all of which lead to a lower size of pensions. Rural women are also less likely than their urban peers to benefit from formal maternity leave rights, due to the prevalence of informality in rural employment. Moreover, a lack of digital literacy acts as a brake on rural women’s ability to take advantage of moves to simplify application and administrative procedures through digitalization.

♦ Coordination between public employment services, agricultural extension services and social protection units is key to managing support for the rural poor. This should include data exchange, regular coordination meetings and joint Standard Operating Procedures (SOPs) with a vision for integrated case management for rural clients. In most countries and territories, there has been underinvestment in all of these local services.

♦ The establishment of integrated public employment, agricultural extension and social protection services at the local level is necessary to ensure access to the right mix of support in terms of cash (from social insurance to assistance schemes) and services. The presence of professional social workers is also necessary to ensure that the needs of individuals and households are evaluated, that they are directed to the available services, and that coaching and follow-up is available. Non-public service providers are engaged in the delivery of social services and labour market service provision in some countries of the region. However, there is still much untapped potential for local rural-focused non-public service providers (such as NGOs and cooperatives) in delivering a range of social assistance, ALMPs and state-subsidized extension services. Collaboration, however, requires ensuring the adaptation of legal frameworks regarding, for example, service procurement criteria, service quality standards, performance indicators and payment procedures.
Table 1 highlights the common reasons for the exclusion of rural populations in selected countries and territories and illustrates the design features of the different transfer schemes which contribute to these exclusion reasons. To this end, it does not aim to provide a comprehensive map of all social protection and labour programmes in the region and the gaps in coverage.

**Table 1. Gaps in coverage of rural populations in selected countries and territories**

<table>
<thead>
<tr>
<th>Country/territory</th>
<th>Category</th>
<th>Type of transfer/scheme</th>
<th>Factors leading to the exclusion of rural populations</th>
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</table>
| Albania           | SI       | Contributory pensions (old-age, disability, survivors’, sickness, maternity) | • Not formally employed  
• Not formally registered as self-employed (including farmers)  
• Old-age pension payment is suspended when the insured becomes economically active |
|                   | SA       | Cash benefits (Ndihma Ekonomike – NE) and social care services (including one-off municipal benefits) | • Possession of land (eligible for partial NE only)  
• Imputed household income (including land/livestock) above the threshold  
• (For old-age benefit) Below 70 years of age, not resident in Albania for the last 5 years |
|                   | LM       | ALMPs and unemployment benefits | • Not formally employed  
• Had no voluntary contribution to the scheme as self-employed  
• Does not have at least one year of contribution to the scheme (for unemployment benefit)  
• Receiving other benefits (except for partial disability)  
• Not registered at an unemployment office  
• Refusal to participate in training scheme |
| Serbia            | SI       | Contributory pensions (old-age, disability, survivors’, sickness, maternity) | • Not employed  
• Not formally registered as self-employed (including farmers)  
• All farmers in need of sick leave |
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<tr>
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| **Serbia**<br>(European Union, 2014; The Government of the Republic of Serbia, no date; Council of Europe, 2020) | **SA** | Social assistance (cash transfers), allowance for care of another person, accommodation benefit, child benefits and parental allowance, one-time municipal social assistance | ♦ Imputed household income (including farming/livestock) above the threshold  
♦ House has more than one room per household member  
♦ Household owns agricultural land larger than 0.5 ha  
♦ Not registered at public employment services (PES) with an activation plan  
♦ (For child benefits) Monthly net income per family member (including children) higher than 20 percent of net national average wage |
| **LM** | ALMPs and unemployment benefits | ♦ Does not have at least one year of contribution to the scheme (for unemployment benefit)  
♦ Not registered at PES office  
♦ Refusal to take a job/training offered by PES |
| **Kosovo**<br>(ILO, 2010) | **SI** | (1) Basic pensions for all residents of Kosovo* (first tier)  
(2) Mandatory savings pensions for employees – Kosovo* Pension Saving Trust (KPST) – (second tier)  
(3) Voluntary supplementary pensions (third tier) | ♦ Excluded from favourable (supplemental) old-age pension under first tier if unable to prove at least 15 years of former service/contribution  
♦ Only voluntary participation in KPST if born after 1946  
♦ No voluntary agricultural occupational pension under third tier |
| **Kosovo**<br>(ILO, 2010) | **SA** | Financial social assistance and child allowance | ♦ At least one member of the household is able to work but remains inactive  
♦ The household has no children under 5 years of age or an orphan under 15 years  
♦ The household owns agricultural land larger than 0.5 ha  
♦ The household owns a tractor or machinery |
| **LM** | ALMPs | ♦ Not registered at PES office  
♦ Refusal to take a job/training offered by PES |
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| Kazakhstan (SSA, 2018)                | SI       | Contributory pensions (old-age, disability, survivors', sickness, maternity, work injury) Mandatory individual account | ♦ Not employed  
♦ Not formally registered as self-employed (including farmers)  
♦ (Old-age) Employed citizens with no or less than 6 months of contributions before 1 January 1998  
♦ (Sickness, maternity, work injury) Self-employed |
|                                       | SA       | Old-age, disability, survivors', family benefits                                       | ♦ Imputed household income (including farming/livestock) above the threshold |
|                                       | LM       | ALMPs and unemployment benefits                                                        | ♦ (Unemployment) Employed pensioners |
| Uzbekistan (SSA, 2018; Khasanbaev and Pfau, 2009) | SI       | Contributory pensions (old-age, disability, survivors', sickness, maternity) Mandatory individual account | ♦ Not employed  
♦ Not formally registered as self-employed (including farmers)  
♦ Old-age pension is suspended when the insured becomes economically active  
♦ (Sickness, maternity, work injury) Self-employed |
|                                       | SA       | Old-age, disability benefits, orphan, funeral allowance                                  | ♦ Imputed household income (including farming/livestock) above the threshold |
|                                       | LM       | ALMPs and unemployment benefits                                                        | ♦ (Unemployment) Self-employed |
| Ukraine (SSA, 2018)                  | SI       | Contributory pensions (old-age, caregivers’, funeral, disability, survivors’, sickness, maternity) | ♦ Not employed  
♦ Not formally registered as self-employed (including farmers) |
|                                       | SA       | Old-age, sickness and maternity, disability, family                                     | ♦ Imputed household income (including farming/livestock) above the threshold |
|                                       | LM       | ALMPs and unemployment benefits                                                        | ♦ Less than 26 weeks of work in the 12 months before unemployment began  
♦ Not registered at an employment office, not willing to work  
♦ Has income higher than the legal monthly minimum wage |
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<th>Type of transfer/scheme</th>
<th>Factors leading to the exclusion of rural populations</th>
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| Georgia (SSA, 2018) | SI       | Contributory pensions (old-age, disability, survivors', maternity, sickness, work injury) | ♦ Not employed  
♦ Not formally registered as self-employed (including farmers)  
♦ (Work injury) Self-employed |
|                    | SA       | Child allowance, family allowance | ♦ Family rating point above the threshold (fixed and movable assets, income, benefits, consumption, presence of older people, disabled, housing conditions) |
| LM                |          | Severance pay            | ♦ Not employed |

WHAT ARE THE MAIN BARRIERS FACED BY RURAL POPULATIONS

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Social protection and FAO’s mandate and priorities

FAO’s Regional Office for Europe and Central Asia has established three initiatives to guide the implementation of country programmes in the region:

1. Empowering smallholders, family farms and youth through inclusive rural transformation, digitalization and innovation

2. Transforming food systems and facilitating market access and integration

3. Managing natural resources sustainably and preserving biodiversity in a changing climate

Social protection has a key role to play in the implementation of all of these regional initiatives. Social protection can protect from poverty and improve the rural poor’s capacity for risk management, but it can also be part of coherent efforts to facilitate transitions to more productive sectors and more sustainable agricultural practices, or moves to other geographical areas and growth hotspots. This is achieved through social protection’s contribution to easing liquidity and financial constraints and preventing declines in human capital accumulation (see also FAO, 2020c).

This section looks at FAO’s past and present work on strengthening social protection for rural populations in the region, summarizing it under three headings, namely, evidence generation, policy advice and advocacy, and programme implementation. Each subsection also provides pointers for future work on social protection in the region.

6.1 Evidence generation

Analytical work is vital for identifying the main barriers to access to social protection and to addressing these barriers for the rural poor, and for specific vulnerable groups within the rural poor, such as migrants, women and young people.

One example of analytical work from the region is the FAO study on access to social protection for small-scale fishers in Albania. This was part of a study on social protection for small-scale fishers in the Mediterranean and Black Sea Riparian States, covering five countries (FAO, 2019). It showed that only licensed fishers were eligible for participation in social insurance schemes, suggesting a lack of access for the large share of fishers operating in the informal sector. The assessment of the national social protection system in Albania drew attention to the potential of the Ndihma Ekonomike (NE) social assistance scheme to be transformed into a flexible risk-informed and shock-responsive social

Protection instrument. The study highlighted not only the need to invest in social protection, but also the need to make the connection with climate change adaptation practices, as part of multisectoral strategies to reduce the diverse risks experienced by small-scale fishers.

Policy work and advocacy to expand the coverage and comprehensiveness of social protection in rural areas (discussed below) has to be backed up by country-level evidence generation on the specific risks faced by rural populations, the gaps in coverage and the adequacy of existing social protection schemes, and their inadequacy to address the identified risks. FAO has supported two subregional studies summarizing the main gaps in social protection for rural populations in the region (FAO, 2016b; Vukovic, 2018). In Türkiye, studies have been carried out with FAO support on assessing access to social protection for vulnerable groups, and on the coherence between social protection and agriculture. These have informed programme work aimed at increasing the access of Syrian refugees and their host communities to social protection schemes.

Evidence generation also includes systematic evaluations of programming work in the region, and its use for advocacy for further reforms. FAO’s Cash+ approach (see Section 6.3) has been piloted in Kyrgyzstan and Armenia where rigorous baseline and impact assessments were carried out. Moving forward, efforts should focus on filling data gaps and the creation of evidence to inform the further expansion of social protection and to illustrate the extended roles it can play (see Section 2). There is also a need to fill data gaps for evidence-based policymaking by carrying out improvements to national household budget surveys and data reporting. This will ensure that disaggregation by urban/rural population, age group and gender is possible when using the data for monitoring coverage and impact on rural livelihoods. The data analysis for this study showed that at the global level, it is not always possible to have data which are disaggregated by urban/rural residence. This can only be improved if national-level data allow for such disaggregation. Some data gaps could also be filled through more comprehensive and digitalized social registries.

A key issue in many countries and territories of the region before the onset of the COVID-19 pandemic was the lack of budget priority attached to social protection. For this reason, FAO’s work should increasingly focus on evidence creation which can help make the case for expanding social protection for rural populations (using both human rights and economic arguments), and contribute to finding solutions for expanding the available fiscal space and seeking alternative financing mechanisms for social protection. In other regions, FAO’s work has assisted in establishing the economic case for investing in social protection for the rural poor by providing evidence that it can be a strategic investment in human capital and economic development, serving to enhance the economic and productive potential of the rural poor (Daidone et al., 2017; FAO, 2017d). There is much scope for this type of analysis in the region, especially as it is still not common to perceive social protection as an investment. Such analysis would also be relevant and timely in informing post-COVID-19 policy attention on promoting economic inclusion and facilitating transitions from informal to formal employment.

In the region and globally, FAO promotes a gender-sensitive approach to formulating and implementing social protection schemes (see Box 9). This entails inter alia always undertaking a gender-sensitive poverty and vulnerability analysis to inform the design and implementation of social protection programmes. To date, one gender-sensitive analysis of social protection programmes for rural residents has been carried out for the region, concentrating on maternity benefits and pension schemes (FAO, 2015a). The report recommends that FAO continues to research social protection policies and practices in the region from the perspective of gender equity and equality, and to undertake systematic studies of international good practices, for example on methodological approaches to calculating pension size for female and male members of the rural workforce.

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25 The main results of these subregional analyses are summarized in Section 5.
26 Evaluation reports are available from FAO Regional office for Europe and Central Asia upon request (see Box 12 below for further information).
Box 9. Gender-sensitive social protection

Gender-sensitive social protection programmes can help to ensure that social protection’s potential to achieve protective, preventive, promotive and transformative outcomes for rural women is fully exploited, thus making a significant contribution to rural women’s empowerment. Regular receipt of cash transfers can, for example, have a positive impact on girls’ school attendance, and can help meet the costs of child care. Moreover, if cash transfers are combined, for instance, with measures to promote the take-up of free access to antenatal and postnatal care, or to nutritional supplements, then improvements in maternal health among the poor can be achieved. Through their preventive role, social protection programmes can enhance the capacity of rural women to manage risks and safeguard productive assets. This may entail the use of special targeting mechanisms to increase women’s participation.

In Brazil, a conditional cash transfer programme specifically targets female sugar cane workers to help them manage smooth income and consumption between harvests. Through their promotive role, social protection programmes can help to reduce gender gaps in access to productive resources and facilitate entry into rural labour markets. In another example, the Indian National Rural Employment Guarantee Act commits to equal pay for men and women performing similar tasks. Regarding social protection’s transformative role, women’s economic decision-making power within the household, as well as their status within the broader community, can be enhanced through access to financial services and credit, support in opening bank accounts, and/or female ownership of productive assets. For instance, in Latin America, women beneficiaries report gaining greater respect from men and improved social status. The design stage of gender-sensitive social protection policies and programmes should also pay attention to intrahousehold dynamics, and consider how best to achieve the equitable distribution of transfers within households. By contributing to more secure household income, transfers can reduce domestic tension and the risk of gender-based violence. In Peru, the Juntos social assistance programme is complemented with communication campaigns to encourage men to share care responsibilities within the household; and in Vietnam, social assistance is combined with ensuring access to legal aid for poor rural women to increase awareness of their rights, including rights to land titles (FAO, 2018c).

6.2 Policy advice and advocacy

Much of FAO’s social protection work in the region has so far concentrated on raising awareness within FAO and with its national partners about FAO’s role in social protection, and the links to its work on promoting sustainable agriculture and food systems, and improving food security and nutrition outcomes.

COVID-19 has drawn policy attention to the gaps in social protection, and also awakened political interest in addressing them. Globally, the aspiration (embedded in SDG 1) to achieve universal social protection has gained considerable ground. It is important that this moment be grasped to draw attention to the limited coverage and effectiveness of existing systems in addressing rural poverty and vulnerabilities in the region. The focus of the COVID-19 discussion on social protection gaps has centred on the low coverage among urban informal workers – “the missing middle” – who are not covered by social insurance schemes, and do not qualify for targeted low-income benefits. This emphasis should not detract from the fragility of rural populations – in the short term, they may have the extra safety net of subsistence plots, but their pre-crisis fragilities are likely to have been exacerbated, and their coping mechanisms (migration) in many cases undermined. FAO’s policy work should continue to draw attention to the specific barriers faced by rural populations in accessing social protection rights.

FAO is actively engaged in the policy discussion surrounding the future of social protection post-COVID-19, and in its role as a catalyst in the region’s post-pandemic recovery strategies. Much of this discussion centres on the need to increase the “shock-responsiveness” of existing systems
In the past, the countries in the region have prioritized contributory social insurance pension schemes, but these have been viewed as unsuitable for immediate crisis response. Although the countries have well-established delivery systems which can, in theory, be built upon to rapidly expand coverage in the case of crisis, challenges were encountered due to the narrowly targeted nature of existing social assistance schemes, which meant that countries struggled to expand them horizontally in a short amount of time. The low coverage, and lack of comprehensive digitalized registers covering informal workers, diminished the capacity of systems to respond flexibly and rapidly.

The current interest in risk-informed and shock-responsive social protection also opens up policy space to explore options for establishing or expanding agricultural insurance schemes for smallholders in the region, highlighting the need for cross-sectoral coherence between social protection, agricultural and disaster preparedness policies, grounded in human rights-based approaches and gender equality.

Box 10. Social protection and resilience

Social protection systems are designed to address specific risks and vulnerabilities faced at different stages of the life cycle. As such, they can address one-off shocks or chronic vulnerability. However, emergencies and disasters affect large numbers of the population at the same time. There is increasing attention being paid globally and within the region to the role of social protection in improving disaster preparedness (through targeting crisis-prone areas/populations) and in terms of its function within emergency response strategies to ensure that the immediate and long-term needs of both vulnerable and shock-affected households are met during and after the crisis. “Risk-informed” and “shock-responsive” national social protection systems are designed to provide support not only to “routine beneficiaries”, but also to crisis-affected populations before, during and in the aftermath of a shock or crisis.

This is undertaken through expanding the coverage of benefits in accordance with information on the emerging needs of those most likely to be affected by crises; and ensuring that there are contingency funds and administrative and other protocols in place to allow a rapid surge increase in the size or coverage of non-contributory benefits in the case of disasters. One precondition for this is the availability of comprehensive registries of beneficiaries and information management systems, as well as payment mechanisms (for example, automated teller machines [ATMs]) which are accessible in rural areas. Early warning systems must also be in place to enable social protection measures to kick in as soon as, or even before, a crisis strikes.

Regular receipt of social protection transfers can also help local economies to recover after shocks occur. Social protection can assist in ensuring that expenditure on health and education is not interrupted in the aftermath of shocks, thus avoiding the risk of a depletion of human capital, and reduced resilience/vulnerability to poverty in the future.27

Agricultural insurance can complement other social protection interventions and be a tool to increase vulnerable farmers’ resilience to large-scale co-variate shocks which affect large shares of the rural population at once. It can help with risk management, by being one component of a broader social protection system focusing on rural populations, and in particular, smallholder farmers. Other components may include cash transfers, input subsidies, and training on risk mitigation and climate-smart techniques. Agricultural insurance is usually highly subsidized, and ideally integrated into a broader social protection strategy, to provide coverage to smallholder farmers who are not able to access coverage through private sector insurance schemes (FAO, 2021b).

27 Further information can be obtained through the internal FAO Handbook, available at https://intranet.fao.org/faohandbook/area/emergency_preparedness_response/risk_informed_and_shock_responsive_social_protection/overview/.
Improving social protection for rural populations in Europe and Central Asia: Priorities for FAO

Fragmentation is often an issue within national social protection systems in the region. In some cases, this is also reflected in the lack of an overall national social protection strategy. Responsibility for different social protection schemes is often dispersed across various ministries and agencies, with no clear coordination function. This results in the fragmentation of efforts and is suboptimal in terms of efficient use of resources and impact on vulnerable populations. FAO’s future policy work should include advocating for more coordinated national systems, and working with United Nations (UN) partners to improve coordination and coherence both within national social protection systems, and between social protection and rural development strategies. In this context, FAO’s food systems approach offers a useful framework which holistically considers food systems’ sustainability in economic (profits, jobs, tax revenues, food supply), social (added value distribution, nutrition, health), and environmental (carbon/water footprint, animal/plant health) dimensions.

Work with partners is also fundamental to addressing other key gaps, in particular the lack of adequate social, employment and agricultural services available at the local level, and the lack of horizontal and vertical mechanisms to ensure coordination between them. Here, policy work should include efforts to enhance the impact of social protection through ensuring coherence, especially with agricultural policies. This requires not only political commitment, but also a readiness to create the appropriate policy architecture, institutional arrangements, financing and adequate human capacities (see Box 11 for FAO’s relevant experience in Latin America).

In its future work, FAO should also facilitate the exchange of experience between regions, drawing on the work of its social protection team within the Inclusive Rural Transformation and Gender Equality Division (ESP) and experts in its five regional offices.

Box 11. FAO support in expanding social protection for rural populations in Latin America

Over the past two decades, countries in the Latin America region have made major efforts to expand the coverage of social protection, through both contributory schemes and non-contributory ones. This is reflected in the fact that the region ranks second in the world in terms of social protection coverage: 61.3 percent of the population live in a household with at least one beneficiary of social assistance or social security. During this period, the countries of the region have also substantially increased the coverage of their tax-funded social assistance programmes. This expansion was mainly due to the introduction and expansion of social pensions and conditional cash transfer (CCT) programmes. In particular, between 1996 and 2015, regional public investment in CCTs increased exponentially. The coverage of these programmes went from less than one million people (300 000 households) in 1996, to 132 million people (230 million households) in 2015.

FAO’s Regional Office for Latin America and the Caribbean has actively promoted the integration of food security and nutrition (FSN) and social protection at the national level and also through regional processes and platforms. In Brazil, FAO helped to strengthen school feeding programmes through the Brazil–FAO Cooperation Programme, which created public procurement mechanisms for the purchase of local foodstuffs from family farms. This system then became a reference for other countries, and the approach is being implemented in 11 countries in the region under the Hunger Free Latin American and the Caribbean 2025 Initiative.

In recent years, FAO has also provided support for the integration of social and productive components in national FSN and social development strategies. During 2020, FAO worked with eight countries of the region in the promotion of an “expanded social protection” agenda, aimed at achieving social and economic inclusion through facilitating synergies between social protection policies and productive inclusion ones. FAO has supported the development of social protection and economic inclusion roadmaps in Ecuador, Paraguay, Colombia and Peru. This work included the provision of technical assistance for designing...
national strategies, and strengthening the interinstitutional and intersectoral coordination between social protection and economic inclusion programmes, as well as for the implementation of pilot projects at the local level. In Paraguay, FAO provided technical support to the management information systems of the Social Action Secretariat, and conducted an assessment to enhance the food and nutrition security lens of the national flagship social assistance programme, “Tekopora”.

FAO has also drawn attention to the experience of countries in the region in adapting their social insurance schemes to allow expansion of coverage to rural populations and agricultural workers, in particular Ecuador’s Peasants’ Social Insurance Scheme, adjustments made to Brazil’s, Columbia’s and Costa Rica’s schemes to account for seasonality in determining the amounts and timing of contributions, and in creating mobile offices and digitalization to facilitate and encourage registration (ILO and FAO, 2021).

Regarding analytical work, FAO in collaboration with the International Policy Centre for Inclusive Growth (IPC-IG) in Brazil, has carried out an analysis of the impact of the COVID-19 response in rural areas, producing policy recommendations to maximise the recovery and transformation of rural territories to “build back better” after the crisis. The focus is on three topics: (i) Intersection between food security and production protection – social protection measures supporting the supply and demand of food chains; ii) Covid-19 and employment in the agrifood sector – analysing labour market and social insurance responses; and iii) Digitalization – opportunities and limitations for rural families.

6.3 Programming

Globally, in order to operationalize its approach to social protection, FAO has developed the “Social Protection Plus” or “Cash+” model. This model has been piloted successfully in several countries to show how the economic, social and environmental impacts of cash transfers can be enhanced, if combined with productive support, technical training, and extension and coaching services. The Cash+ programmes can be explicitly tailored to take into account the different profiles and vulnerabilities of the rural population. Within the region, the Cash+ approach has been piloted and evaluated in Armenia and Kyrgyzstan, with a focus on improving both nutritional outcomes and the agricultural productive capacity of rural social assistance beneficiaries.

Box 12. The Cash+ pilot in Kyrgyzstan

Public expenditure on social protection is high in Kyrgyzstan, and accounted for 10.7 percent of GDP in 2015 (more than the combined expenditure on health and education). However, as in other countries in the region, expenditure is heavily skewed towards pensions for older people (representing over 7 percent of GDP). State expenditure on other benefits represented just 1.3 percent of GDP, and on the monthly benefit for low-income families with children (MBLIF/UBK), only 0.6 percent. The MBLIF/UBK is the only social assistance programme intended to mitigate the effects of extreme poverty among households with children (OECD, 2018). However, it is limited in both coverage and adequacy. In 2018, coverage was reported to be 4.9 percent of the population (ibid.), which is much lower than the national poverty rate – 22.4 percent of the population in 2018. The benefit level is also very low: its average level in 2018 was 19.9 percent of the subsistence minimum for children, 55.6 percent of the extreme poverty line and 29.7 percent of the overall poverty line, limiting its impact on the incidence and depth of poverty.

FAO has been supporting the government since 2017 to maximize the impact of MBLIF/UBK cash transfers on rural households’ food security and nutrition outcomes, and also to combine them with support for engagement in productive activities. The Cash+ approach was used to complement the MBLIF/UBK, with a
combination of agricultural inputs and assets, technical training geared towards organic and climate-smart practices, extension services and nutritional education. The approach was piloted in the Suzak district of Jalalabad region, and approximately 150 households participated. Households’ capacities to invest in food production were found to be limited in terms of soil preparation, planting and cultivation, as well as their capacity to make financial investments and allocate time to engage in farm labour. Due to these constraints, the support focused on easy growing crops, which required limited inputs, water and labour. The households were offered a choice between three packages. The majority of households opted for the package which included the provision of seeds (including lettuce, spinach, tomato, lentil, cucumber and cauliflower), as well as the supply of an unheated mobile tunnel greenhouse.

This package was supplemented with agricultural training and nutrition education programmes. The agricultural training sessions included agronomic and technological dimensions (such as organic agriculture, water saving technologies, integrated pest management and processing), and were delivered on a monthly basis. Participants also received twice-monthly nutrition education sessions provided by community educators, including cooking demonstrations on how to use these home-grown foods to enrich traditional dishes. Pilot beneficiaries were coached by local staff to ensure that they were able to carry out agronomic activities and follow nutrition advice, and, more generally, access any support required to overcome specific barriers they might face along the way.

Cross-sectoral collaboration was ensured through the establishment of an inter-agency working group (IAWG) instituted by the Ministry of Labour and Social Development and including representatives from the Ministry of Agriculture, Food Industry and Land Improvement, the Ministry of Health, the Ministry of Economy and the Ministry of Education, and local authorities and service providers.

Results indicate that the pilot project had positive impacts on household nutrition by contributing to dietary improvement, increasing the diversity of food consumed in the households and raising household income due to the self-production of crops. While the results showed that participants’ income from wages, salaries, pension and profits from non-farm business did not change significantly, there was a notable increase in income from own-farm production (Appaix and Tysbekova, 2019; Kangasniemi et al., 2021).

The Government of Kyrgyzstan has requested further support to roll out the model to other regions of the country. Notwithstanding fiscal space, the main barriers to sustainability include the fact that the country has no network of local community social workers to build upon, and there is a lack of accessible local agricultural extension services. These are gaps that have been noted for a long time by members of the international community, and represent a brake on the sustainability of social protection reforms and rural development strategies in general. Another major barrier to sustainability is the difficulty in maintaining cross-sectoral approaches, due to the lack of integrated policy frameworks and implementing mechanisms.

Going forward, there is considerable potential for FAO to expand operationalization of its Cash+ approach by matching it with some of the activation programmes that have been introduced and experimented with in the region to promote economic and social inclusion of the poor, using the social contract modality. This modality has been piloted in different regions of the Russian Federation since approximately 2008, however, the models and approaches that were used have varied. There are now steps being taken to make it an obligatory part of social protection offered by regional authorities. The concept of “social contract” is defined here as an agreement between a citizen and a regional department of social protection responsible for targeted social assistance. This form of support is conditional as the recipient (beneficiary) also commits to take part in the “programme of social adaptation”. The model requires increased cooperation with non-state organizations, including civil society and the private sector, to provide social services.
The most common type of support under this pilot is a one-off payment for investments by the household, for example, for purchasing livestock or paying for veterinary services or cattle food. Applicants can also get support in retraining, finding a job or starting individual self-employment activities, such as purchasing a sewing machine or other equipment. Each region decides on its own criteria to select the beneficiaries. The regional social protection department is responsible for checking eligibility. The allowance size depends on the regional budget possibilities, and size can vary depending on family composition and number of employed people. Under her or his “programme for social adaptation”, the applicant commits, for example, to register with the job centre, purchase equipment, renovate premises or start their own business, that is, taking steps towards achieving a sustainable livelihood. The contract is valid for a six-month period, after which it is reviewed, and if additional time is required to implement the project activities, it can be extended. The contract can be terminated if the conditions set out in the “programme of social adaptation” are not met.\textsuperscript{28}

There has been no systematic evaluation of the poverty reduction and economic inclusion impacts of these schemes. However, several countries in the region have expressed an intention to draw upon the experience of the Russian Federation and introduce similar programmes. FAO’s pilot Cash+ scheme carried out in Kyrgyzstan and Armenia could provide both a model and lessons learned for further adaptation and adoption throughout the region. FAO should work with governments to explore the extent to which its Cash+ approach is compatible with the social contract modality, and work with partners to tailor it for rural populations, through adapting or adding on to existing social assistance schemes, or to active labour market programmes, including public works.

In European Union countries, “activation” programmes for the poor typically aim to ensure three elements, namely sufficient income through social assistance or unemployment benefits, access to ALMPs and access to social care services. The main purpose is to link social protection and employment programmes, but the programme should also enable access to health and education services if these are to be relevant for improving the situation of the family/household. These schemes are implemented on the basis of individual case management and interagency coordination, and individual plans are based on an assessment of the applicant’s needs.

Here it is important to stress that the primary purpose of the social contract should be to promote co-responsibility between the beneficiary and the social protection provider, and not to act as a medium to impose conditionalities. Thus the focus is not on conditionality, but on how to meet the different needs of individual households, as experience shows that conditionality cannot be adopted across the board for all users. Conditional cash transfers were designed to address the particular priority issues in Latin American countries and have had an impact on improving take-up of education and health services, which in turn have had positive impacts on child and maternal welfare. In the FAO programme countries and territories in ECA, and in European Union countries, access to such services is not the core problem: arguably, the problem is tackling inequalities in the quality of such services. The focus of the social contract should therefore be on economic inclusion and guaranteeing access to the services and support which can enable this.

6.4 Digitalization and rural access

Digitalization is an area which is relevant to all of FAO’s core functions listed above (evidence generation, policy advice and programming). COVID-19 and its restrictions have prompted and accelerated trends towards the digitalization of social protection services, thereby addressing some of the administrative barriers to access faced by remote rural populations in particular, through increasing the use of online application and registration procedures. However, it will be necessary to monitor whether rural populations are penalized because of connectivity issues. Likewise, countries increasingly rely on automated systems – mainly ATMs – for delivering benefits, but again, rural populations are more likely to be disadvantaged in terms of access. In terms of the digital gender

\textsuperscript{28} See also Keller (2018).
divide, ECA fares relatively well compared with other regions in the world (ITU, 2020). However, gender parity in rural areas of ECA merits further study. Mobile technology use is widespread throughout the region, and there may be options for adapting it to address some of the connectivity issues in rural areas. Mobile technology has been proven to play an important role in addressing barriers in access connected to a lack of awareness and trust: it facilitates easier dissemination of information, time-bound notifications, and users’ ability to retrieve information whenever they wish.

In some cases, the lack of comprehensive and digitalized registries was found to be a barrier to expanding targeted social assistance as part of the immediate response to COVID-19. Many countries have received or are receiving support to create social registries as part of efforts to combat the fragmentation of national systems. Within the region, administrative records of beneficiaries are kept but are not always used for evaluating coverage and impact. In the case of rural areas, it would be useful to ensure compatibility between social registries and registries of smallholders in the interest of guaranteeing coherence between agricultural and social protection policies and programming work.
Evidence from around the world shows that social protection can play a key role in mitigating or removing the major risks facing rural populations including poverty, lack of decent jobs, fluctuation in remittances, exposure to natural disasters and climate shocks (see Section 3). However, it also demonstrates that the specific risks and vulnerabilities of rural populations have to be taken into account in the design of social protection programmes, if they are to be adequately and comprehensively addressed. Global experience illustrates the wide-ranging impacts of social protection – these are not just social impacts, but also economic and productive ones. Moreover, if designed and implemented in coherence with broader rural development strategies, social protection can contribute to other development goals, such as promoting decent work, inclusive economic growth and rural transformation processes, and increased resilience to shocks. FAO envisages that social protection systems can support people and communities living in rural areas, as well as those whose livelihoods depend on natural resources, to ensure their food security and improved nutrition, protect them before, during and after shocks and stresses, promote resilient livelihoods and sustainable management of ecosystems, and stimulate pro-poor growth and inclusive rural development (FAO, 2017a).

This report has explored some of the specific risks and vulnerabilities faced by rural populations in FAO programme countries and territories in the region. It has highlighted the gaps in social protection in the region, which present challenges for addressing the specific vulnerabilities of rural populations and helping them to better manage risks. Furthermore, it has argued that discussion on social protection in the region pre-COVID-19 was largely centred on technical, administrative or financing issues, and that until recently, there has been little knowledge or appreciation of, and consequently little policy attention given to, the potential of appropriately designed and financed social protection programmes to contribute to more inclusive rural transformation processes, improved nutrition and dietary outcomes, women’s empowerment and other social issues such as child labour.

Within this context, it is recommended that FAO focuses on the following areas.

♦ FAO should address the gaps in coverage of rural populations, and barriers to accessing social protection programmes, of which the main ones are summarized in Table 1 above. Advocacy should be carried out to improve coverage of subsectors of rural economies with social insurance schemes, and increase coverage and access for contributing family workers. This will require work on design and determining the size and schedule of contributions, and looking at options for alternative financing schemes for social protection programmes.

♦ Given the high levels of informality in on- and off-farm employment, FAO (together with partners, particularly the ILO) should help to raise awareness about the role that social protection can have in facilitating the transition from the informal to the formal economy, provided that it is aligned with national economic, employment, rural development and tax policies. Although this role is enacted by social assistance initially (ideally supported with access to employment services and programmes), transitions to formality subsequently enable social insurance to gradually take over from tax-funded social assistance and employment programmes, and provide progressively higher levels of prevention and protection.
In the context of the COVID-19 recovery phase and the increased policy attention on social protection, there is considerable scope for FAO to expand its engagement in evidence generation, policy advice and programming in the region. In particular, there is a need to create more evidence to make the economic case for social protection, because it is still too often perceived in the region as a cost or act of charity rather than an investment.

To increase the impact of social protection for rural populations, there has to be coherence with other relevant policies. FAO should continue its efforts to ensure more or better alignment between social protection and agriculture and rural development strategies, and to broker policy dialogue among ministries and authorities at the central and local levels to promote coherence among different sectoral policies and mandates.

The previous section illustrated the considerable scope for further promoting and piloting integrated approaches for rural populations, through the use of Cash+ or social contract modality. The design and focus of these programmes will differ in accordance with national priorities and contexts, but FAO has the expertise to ensure that they can be used to promote social outcomes (dietary, women’s empowerment), economic inclusion (greater integration between social protection, employment and agricultural objectives), and to help small holder farmers make the transition to more environmentally sustainable agricultural practices. There is particular scope at the moment to work on linking social protection with economic inclusion programming. This requires coordination with other partners on improving the links between employment and social protection policies and delivery mechanisms, ensuring that over the longer term, networks of trained social workers are in place at the local level to work with households on an individual case management basis.

There is currently considerable debate about ways of improving the shock-responsiveness of national social protection systems. Expanding coverage and adequacy in itself can help build resilience, but FAO could also explore and highlight the potential for the development of agricultural insurance schemes for smallholders. More recently, FAO’s Rapid Response Plan for Ukraine seeks to assist the most vulnerable smallholder households through the provision of unconditional, multipurpose cash transfers, along with key emergency agricultural interventions.

Digitalization processes are proceeding quite rapidly, and FAO should monitor these to ensure that rural populations, especially rural women, are not excluded or left behind during this transition, due to poor internet access or a lack of confidence in using digital tools and services. Moreover, as the use of social registries increases, it will be important to ensure that they are designed in such a way that they can be linked to other databases relevant for the development, implementation and monitoring of agricultural or rural development strategies, including the registers of self-employed farmers and plots.
Annex 1.
The four main functions of social protection

The protective role is usually fulfilled by social assistance measures. These are tax-financed measures aimed at the chronically poor, to ensure basic subsistence for those unable to work and earn a livelihood; but they are also provided to vulnerable groups particularly at risk (e.g. people with disabilities). Instruments commonly used to achieve provision aims include tax-funded cash transfers (child benefits, social pensions, unconditional cash transfers), food transfers (supplementary feeding), social services (health fee waivers) and humanitarian assistance. Protective measures may also include social services for the poor and groups needing special care.

The preventive role is usually performed by social insurance schemes, designed to prevent people from falling into poverty. The most common are pension schemes to help smooth consumption over the life cycle; but there are also maternity benefits, sickness insurance and unemployment insurance, all of which are usually financed through contributions deducted from wages for those in the formal sector employment, often with tripartite financing between employers, employees and the state. They are aimed at providing a safety net for those in danger of slipping into poverty due to changes in circumstances, by mitigating shocks and reducing the risk of their negative impact. More recently there has been greater emphasis on “weather insurance” for farmers and others at risk of impact from extreme weather events associated with climate change. Programmes to promote risk diversification, such as crop or income diversification, also play a preventive role.

The promotive role is performed by measures (usually dovetailed with protective and preventive measures) which can assist those eligible for support to gain the skills, information or assets to help them access productive jobs and improve their situation over the long term. Promotive measures commonly take the form of active labour market policies (ALMPs), including access to microfinance. Conditional cash transfers (CCTs) encouraging pro-poor access to education and health services, are also a form of promotive support, as are agricultural input subsidies, public works and school meals.

The transformative role is performed by measures which are aimed at transforming attitudes and values and can contribute to the inclusion of vulnerable groups. The transformative role extends beyond transfers to the poor, focusing more on enhancing the social status and rights of the excluded and marginalized. Instruments include legislation on rights (e.g. land rights for women), anti-corruption measures, anti-discrimination legislation, sensitization, minimum wage, changes to the regulatory framework and grievance mechanisms to protect the socially vulnerable against abuse.

These categories (Devereux and Sabates-Wheeler, 2004) may overlap, in that some measures can simultaneously “promote” incomes as well as “prevent” deprivation. In practice, most preventive mechanisms could be argued to have promotive effects, in the sense that risk reduction enables people to take advantage of opportunities that they would otherwise have been unable to do.

Integrated systems of social protection should ideally contain elements of all four categories, adapted to national contexts.
Annex 2.
Examples of national social protection systems from three different subregions
### Serbia

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<thead>
<tr>
<th>Children</th>
<th>Working age</th>
<th>Older people</th>
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<tbody>
<tr>
<td><strong>Contributory social insurance</strong></td>
<td></td>
<td><strong>Old-age pension</strong></td>
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<tr>
<td></td>
<td>Disability pension, invalidity pension and long-term work-related injury benefits</td>
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<td></td>
<td>Unemployment benefits</td>
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<td>Maternity benefits and paid leave</td>
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<td></td>
<td>Sick leave and sickness benefit, work injury compensation</td>
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<td><strong>Non-contributory social assistance</strong></td>
<td></td>
<td><strong>Survivors’ pension</strong></td>
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<td>One-off childbirth benefit for non-working mothers</td>
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<td>Home care or residential care services (occasional co-payment)</td>
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<td></td>
<td>Child care allowance (means-tested)</td>
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<td></td>
<td>Allowance to low-income families with children (2–14 years) – means-tested</td>
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<td></td>
<td>Child disability allowance</td>
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<td></td>
<td>One-off compensation for school books</td>
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Annex 3. Coverage, adequacy and impact of social protection and labour programmes

### Coverage

Percentage of rural population participating in or benefiting from social protection and labour market programmes (direct and indirect beneficiaries) (percentage)

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### Adequacy

Total transfer amount received by all beneficiaries in rural areas as a share of the total welfare of beneficiaries in that group (percentage)

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### Impact

Poverty headcount reduction due to social protection and labour programmes as a percentage of pre-transfer poverty headcount for rural households in the poorest quintile (percentage)

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Notes: (i) Latest available data are used (2008–2018), (iii) Data are unavailable for North Macedonia and Turkmenistan.
References


REFERENCES


FAO. 2017c. Green Climate Fund Feasibility Study.


