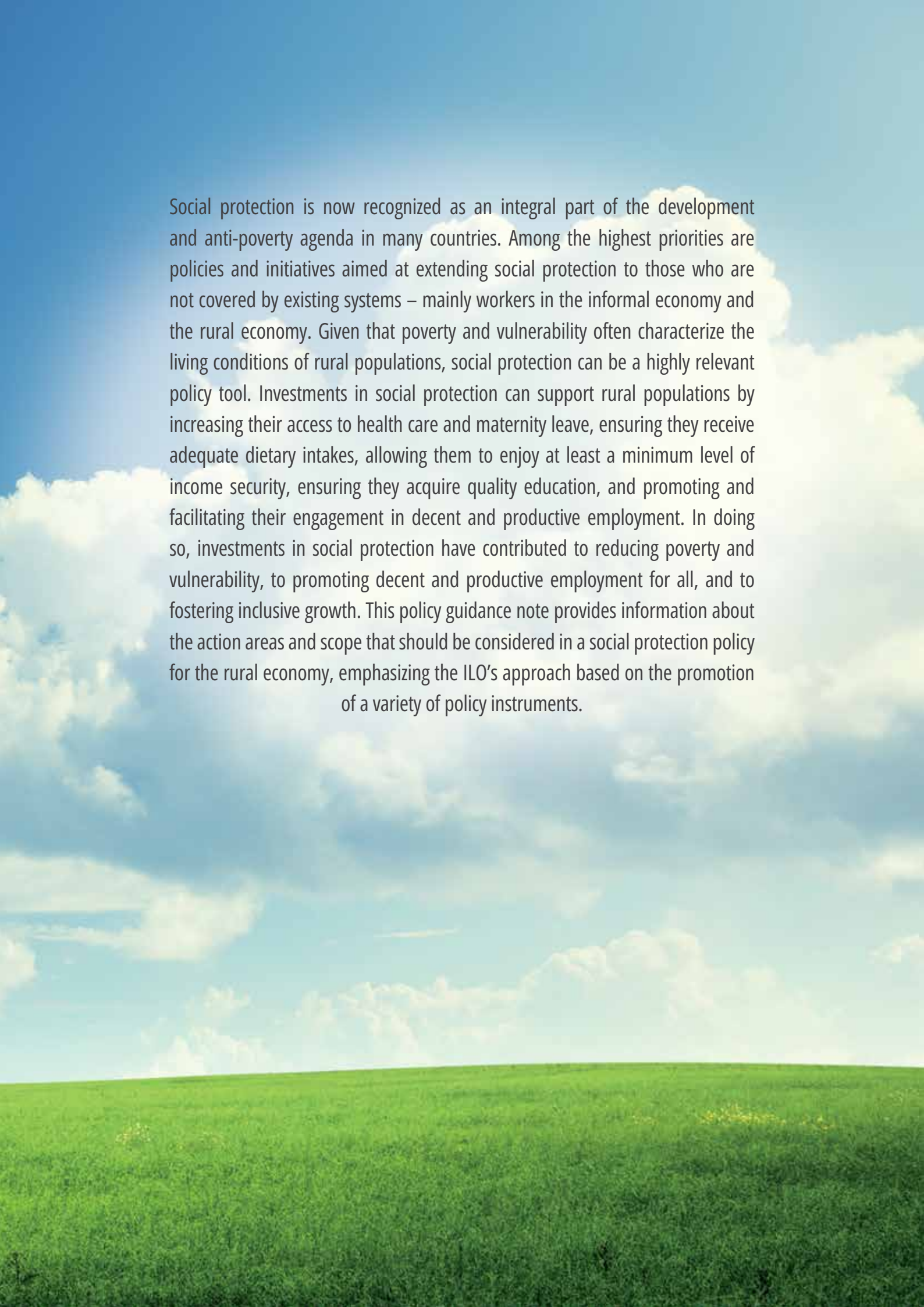




International
Labour
Office

Extending Social Protection to the Rural Economy

**DECENT WORK IN THE RURAL ECONOMY
POLICY GUIDANCE NOTES**



Social protection is now recognized as an integral part of the development and anti-poverty agenda in many countries. Among the highest priorities are policies and initiatives aimed at extending social protection to those who are not covered by existing systems – mainly workers in the informal economy and the rural economy. Given that poverty and vulnerability often characterize the living conditions of rural populations, social protection can be a highly relevant policy tool. Investments in social protection can support rural populations by increasing their access to health care and maternity leave, ensuring they receive adequate dietary intakes, allowing them to enjoy at least a minimum level of income security, ensuring they acquire quality education, and promoting and facilitating their engagement in decent and productive employment. In doing so, investments in social protection have contributed to reducing poverty and vulnerability, to promoting decent and productive employment for all, and to fostering inclusive growth. This policy guidance note provides information about the action areas and scope that should be considered in a social protection policy for the rural economy, emphasizing the ILO's approach based on the promotion of a variety of policy instruments.

1. Rationale and justification

According to the ILO's *World Social Protection Report 2013/14*, only 27 per cent of the global population enjoy access to comprehensive social protection, while 73 per cent are partially covered or not at all. Almost half of the world's population lives in rural areas,¹ most of them with little or no social protection and often suffering from social exclusion and a lack of effective access to essential goods and quality services.

Social security and health are human rights, and rights-based coverage – which results in access to quality services that are available, affordable and financially protected for all in need – is essential to reduce poverty and to develop rural economies in an equitable and sustainable way. However, barriers related to the availability, affordability, and quality of services in rural areas are not easy to overcome; and these barriers need to be taken into account when implementing and extending social protection to rural populations. In this context, the ILO's Social Protection Floors Recommendation, 2012 (No. 202) requests ILO member States to establish and maintain, as a priority, a social protection floor as a nationally defined set of basic social security guarantees that aim at preventing or alleviating poverty, vulnerability and social exclusion. The guarantees should be provided to all residents and all children, and need to ensure that, over the life cycle, all in need have access to essential health care and to basic income security.

In a number of middle- and low-income countries, the introduction of social protection programmes has proved to be relatively effective in covering rural populations. Social pensions, employment guarantee schemes for the poor, food security programmes, asset transfers, skills training programmes, and measures to enhance access to health care services have shown significant effects. As such, investments in social protection support rural populations by: increasing their access to health care and maternity leave, ensuring they receive adequate dietary intakes, allowing them to enjoy at least a minimum level of income security, ensuring they acquire quality education, and promoting and facilitating their engagement in decent and productive employment. In doing so, investments in social protection have contributed to reducing poverty and vulnerability, to promoting decent and productive employment for all, and to fostering inclusive growth.

However, experience shows that these programmes are also facing challenges in terms of implementation and effectiveness. A large share of the rural economy within the national economy and high levels of rural poverty are common features of many low-income countries. In these countries, budgetary resources are particularly scarce. This requires setting priorities and developing fiscal space that allows the extension of social protection programmes to rural areas.

¹ United Nations Department of Economic and Social Affairs: *World Urbanization Prospects*, New York, 2014, <http://esa.un.org/unpd/wup/Highlights/WUP2014-Highlights.pdf> [accessed 10 March 2015].

2. Scope and definitions

The Social Protection Floors Recommendation, 2012 (No. 202) reflects an emerging consensus on the need for social protection for all. The Recommendation promotes a universal and progressive approach for the extension of social protection. It re-establishes the link between economic, employment and social protection policies, and provides a strong emphasis on the need for policy coherence and coordination. While establishing social protection floors as a priority, member States should progressively build and maintain comprehensive and adequate social protection systems and complement social protection policies with active labour market policies and other economic and social policies. The guidance provided by the Recommendation is particularly relevant for the rural economy, as it aims to extend social protection by guaranteeing access to at least essential health care and basic income security at a nationally defined minimum level for all, including the poor, food-insecure households, and workers in the informal economy. The overall and primary responsibility should be with the State; financial, fiscal and economic sustainability should be pursued through a variety of means; benefits should be predictable, adequate and based on legal entitlements; policy coherence and coordination across and within sectors and institutions should be promoted; and monitoring and evaluation mechanisms should be established.

At the country level, the ILO supports the design and implementation of social protection strategies. It assists countries in designing and improving the governance, management, effective delivery systems and monitoring systems of social security schemes that extend coverage into rural areas. Moreover, it promotes – at national and international level – social dialogue and the role of social partners (governments, employers' and workers' organizations). The ILO also strengthens the capacities of social partners and national stakeholders for a better understanding of the various technical aspects of social protection policies, and the ratification and implementation of ILO social security standards, notably the Social Security (Minimum Standards) Convention, 1952 (No.102). Since 2009, the ILO has worked in partnership with the World Health Organization (WHO) as the lead agencies of the Social Protection Floor Initiative of the United Nations Chief Executives Board. At global and national levels, the ILO has worked with international health initiatives such as the Providing for Health Initiative (P4H) and the International Health Partnership IHP+, as well as with various UN agencies in the framework of UN Social Protection Floor (SPF) teams and task forces. Collaboration was developed with UNDG regional chairs and with the UN Development Operations Coordination Office (DOCO) at the global level, with a common objective to support the implementation of nationally defined social protection floors, and more comprehensive social security systems.

The following are the most important elements to be considered in terms of ILO policy regarding the extension of social protection to the rural economy:

- Building a comprehensive framework for the rural economy: linking social protection policies and strategies for the rural economy with other areas of intervention;
- Provision of social protection to the rural population as a key strategy aimed at eradicating poverty and food insecurity;
- Ensuring the availability, accessibility, acceptability and quality (AAAQ) of health care, and addressing inequities in the access to health services between rural and urban areas;
- The role of social protection in promoting sustainability and inclusiveness in the rural economy. For instance, social transfers (e.g. social pensions, public employment programmes), as a way to boost the local rural economy;
- The gender dimension of social protection;
- Informality in the rural economy and the role of social protection for supporting the transition to modernization and formality in rural areas;
- Linkages between the rural informal economy and food security;
- Extension of social protection schemes and systems to smallholders and microenterprises;
- Extension of administrative and delivery structures to rural areas, ensuring that rural populations can effectively benefit from services (including health care, education, financial services) and infrastructure;
- Increasing synergies between delivery mechanisms (that help register, inform, collect contributions and deliver social protection benefits), to reduce costs and create linkages between social protection interventions and other labour market interventions (skills training, support to microenterprises);
- Benefits and challenges of providing and ensuring social security coverage to migrants in/from rural areas.

3. The ILO's approach

Based on the premise that social security and health are human rights, and a social and economic necessity, the ILO's approach is based on a two-dimensional strategy for the extension of social protection that progressively ensures higher levels of social protection coverage and benefits in line with up-to-date ILO standards. The strategy aims at building coherent and comprehensive social protection systems in accordance with national priorities, resources and circumstances. Establishing and maintaining national social protection floors should guarantee a minimum level of income security and access to at least essential health care for all people in need.

The Conclusions concerning the recurrent discussion on social protection (social security) adopted by the International Labour Conference (ILC) at its 100th Session in June 2011² endorsed this two-dimensional strategy for the extension of social security. At its 101st Session in June 2012, the ILC adopted a new international social security standard, the Social Protection Floors Recommendation, 2012 (No. 202), which provides guidance to member States in implementing the two-dimensional strategy.

Social protection is also one of the four pillars of its Decent Work agenda. The ILO has a comparative advantage and provides added value in supporting countries through the assessment, design and implementation of national social protection policies and schemes in general, but also in programmes aimed at addressing the particularities of the rural economy. Specific approaches include minimum wages, strategies to support the transition from the informal to formal economy in rural contexts, institutional development in rural areas, micro-finance, working conditions, social dialogue, the fight against child labour, and HIV/AIDS interventions in the workplace; among other things. As a standard-setting organization, the ILO promotes the development and implementation of international standards in social protection. Another specific advantage of the ILO is its expertise in developing policies, instruments and interventions to promote decent work, of which social protection is one pillar.

Generally, high levels of poverty, informality and self-employment, a heavy reliance on subsistence agriculture, low literacy, and economic risks associated with agriculture and hazardous working conditions³ are attributes of rural populations that are particularly common in low-income countries. Rural areas are also characterized by poor quality infrastructure – such as lack of transport, poor Internet, unstable electricity, insufficient and poor quality public services (with limited numbers of qualified doctors, nurses and teachers) – in many places. The resulting low contributory capacity, high administrative costs, lack of capacity to implement schemes and systems, and the low level of organization among independent workers or producers often lead to problems when seeking to extend social protection in informal rural settings.

To effectively cover the rural population, it is therefore crucial to adopt mixed financing mechanisms with complementary strategies and instruments based on the principles of equity and solidarity. Social transfers (in cash and in kind) can be organized through different social security schemes. Based on the financing mechanisms used, these schemes can be classified in two major groups: contributory schemes and non-contributory schemes. In many countries, several schemes of different types co-exist, and may provide benefits for similar contingencies to different population groups. The main policy instruments include, but are not limited to, social insurance, universal schemes, minimum income support programmes, conditional and unconditional cash transfer programmes and micro-insurance schemes. These instruments should be coordinated with a view to promoting universal coverage and to supporting the development of national strategies for the extension of social protection, based on the social protection floors approach, while addressing the specificities of the rural economy.

² ILO: *Conclusions concerning the recurrent discussion of social protection (Social Security)*, ILC, 89th Session, Geneva, 2011.

³ The ILO estimates that some 170,000 agricultural workers are killed each year from exposure to agrochemicals or while using machinery; and many more are injured (ILO: *Promotion of rural employment for poverty reduction*, Report IV, ILC, 97th Session, Geneva, 2008).

It is also necessary to design and implement appropriate institutional mechanisms that can deliver social protection benefits to all vulnerable groups, including in remote places, and respect the rights and dignity of the people covered. These administrative arrangements need to be organized in a transparent and accountable manner, to ensure that the rights of people covered become a reality. In case of complaints, members should have access to free of charge complaint and appeal procedures. Tripartite participation should be guaranteed. Here again, a diversity of approaches can be followed, such as the implementation of delivery units located in local administrations and linked to an umbrella organization at the national level; mobile units; the use of ATMs; post offices; and so on. Increasingly the use of information and communication technologies facilitates the identification of beneficiaries, the issuance of cards, the collection of contributions (if any), the payment of benefits, and relationships with service providers (such as health care centres that need to check entitlements to benefits). In some countries (India, Myanmar) trade unions of farmers may represent some rural workers. However, in the vast majority of low-income/middle-income countries, these populations lack proper representation, which may pose a challenge when trying to establish governance mechanisms in which they have a say. Participation of communities in the design of the social protection programme, and of elected villagers' committees in its implementation and monitoring can be a way to guarantee a form of representation.

Equity considerations are key, and need to be reflected in any strategy aimed at extending social protection to rural populations. Women in rural areas face a double disadvantage in accessing social protection. They find themselves at the intersection of geographical inequities, with rural areas being relatively disadvantaged against urban areas, and gender inequities, with women and girls facing various disadvantages as compared to men and boys. Gender inequalities include unequal access to education and employment, persistent gender wage gaps, limited income-generation opportunities, unequal sharing of care responsibilities, and gender-related constraints with regard to accessing social services. In addition to gender-related inequities, age- and minority-related (e.g. indigenous people) inequities persist in rural areas and have to be sufficiently taken into account.

In the context of social protection in health, recent research findings show that the percentage of the population enjoying effective access to quality health care that is affordable and available is significantly lower in rural areas than in urban areas. These findings are underpinned by a set of indicators that are related to the key dimensions of Universal Health Coverage, as highlighted in ILO Recommendation No. 202: legislation, availability, affordability, accessibility and quality of health care. Analyses by the ILO point to the fact that between rural and urban areas, considerable differences exist across and within countries: globally, only 44 per cent of people living in rural areas are affiliated to a health system or scheme, compared to 78 per cent in urban areas. In addition, 7 million extra health workers would be needed to provide access to quality health care in rural areas.

The ILO's approach to extending health protection to rural areas is based on Recommendation No. 202, which stipulates that all residents and children in a given country should be guaranteed by legislation at least essential health care, prevention and maternal care. Universality requires access to available and affordable quality health services. Thus, it is necessary to ensure a sufficient number of health workers in rural areas, and to address financial hardship among the rural population by minimizing out-of-pocket payments and providing financial protection. Health schemes and systems must be developed with a view to universality that includes the rural population, who are often not working in formal labour markets and frequently earn lower wages than urban workers. Finally, ensuring effective access to quality health care requires good governance of schemes and systems, which should be based on accountability, including participatory processes such as social and national dialogue.

Moreover, the ILO supports the extension of social protection in rural areas through child or family benefit programmes, which most often are non-contributory cash transfer programmes. These programmes provide regular cash benefits to all families, or to poor families in particular, and have been found to have a strong impact on various dimensions of human development, whether these benefits are explicitly linked to health and education (conditional) or not (unconditional).

4. The ILO's experience to date

The ILO is conducting assessments of social protection situations, leading to recommendations for the development and expansion of social protection floors in 93 countries. Among the recommendations formulated, many relate to the expansion of social protection to uncovered groups, such as rural populations. The ILO is currently⁴ supporting 61 countries in the design and implementation of social protection schemes. Significant expansion of coverage will be achieved for health care (18 countries), children's benefits (8 countries), maternity protection (7 countries), unemployment insurance (10 countries), employment injury insurance (6 countries), and old-age pensions (38 countries). The ILO also supports the establishment of "single windows" or "one-stop shops" – which are decentralized access points to a variety of benefits and services, particularly relevant in rural areas – in 7 countries.

Country experiences and previous evaluations indicate that national extension strategies should aim at progressively achieving universal coverage in line with national priorities, administrative feasibility and affordability. This requires the adoption of specific provisions to reach workers in the rural economy. It is essential to strengthen both the demand and supply sides of social services in rural areas, by building up rural infrastructure and the rural workforce for the supply of services, and facilitating access to those services.

Depending on the country context and the nature of the request, the ILO acts as the facilitator in awareness-raising. It encourages cross-sectoral national policy dialogue and consensus-building. It offers support in developing an inventory and initial analysis of the social protection system, leading to the identification of policy gaps and implementation issues, and the formulation of policy recommendations. The ILO then supports the conversion of these recommendations into policy scenarios, and provides expertise in costing and fiscal space analysis. In terms of financing, it identifies sources of financing for social protection benefits, conducts ex-ante assessments on the impact of social protection benefits on poverty reduction, and provides advice on the design to ensure overall coherence of the social protection system – including coordination with employment policies, tax policies and other policy areas. In order to adapt social protection mechanisms to rural realities, the ILO can assist governments in areas of action as follows:

- Evaluate the particular needs of rural populations and to what extent these are addressed by existing schemes.
- Ensure participation of local stakeholders in the determination of their needs, in the formulation and implementation process of policies to address such needs, as well as in the monitoring of these policies.

⁴ In 2015.

- Learn from recent successful experiences and develop innovative approaches to implement universal social protection schemes or systems targeting rural areas, especially regarding:
 - Information, awareness-raising and ensuring participation of all stakeholders in the design, governance and monitoring of policies (using communication channels appropriate to the rural context, e.g. radio, community van announcements, community gatherings, civil society organizations, and focal persons).
 - Membership registration using new technologies/ information management systems (learning from successful rural programmes and decentralized registration structures).
 - Ensuring transparency and accountability of administration and financial management.
 - Efficient and reliable delivery systems to reach rural areas, using multiple delivery channels including agricultural banks, post offices, shopkeepers, mobile ATMs, cell phones or others.
- Where possible, build on existing structures to support the implementation of social protection schemes and ensure stakeholders' participation, such as trade unions, employers and producers' organizations, civil society organizations, cooperatives or other community organizations that have organized membership.
- Identify gaps in social protection in health, and develop policies to address such gaps, particularly in terms of the availability and affordability of quality health care services, including shortages in the rural health workforce.
- Identify and pay particular attention to non-discrimination, equity (in gender) and sensitivity to the specific protection needs of vulnerable groups, e.g. landless people, casual labourers, persons in forced labour or exploitative labour relations, persons without access to informal networks or in disadvantaged power relations such as orphans, migrants, old people without children, women, people living with HIV/AIDS, members of certain castes, ethnic or religious groups.

5. Practical guidance and resources

The ILO has a solid policy portfolio that includes a substantial set of tools and guides relevant for social protection in rural areas, including for carrying out social protection needs analyses, assessments of social protection situations and identification of gaps, policy formulation to close the gaps, costing and projection exercises, design and implementation of administration of SPFs, including one-stop window services, impact analyses, and knowledge-sharing. In addition, the ILO facilitates the exchange of experiences in extending social protection, notably by providing related data and statistics through the Social Security Inquiry database; the knowledge-sharing platform on social protection;⁵ and promoting South-South dialogue and cooperation.

The aim of the ILO is to contribute to the development of social protection in line with its two-dimensional strategy. In this regard, its mandate includes five areas of work:

- Policy development and applied research;
- Financial governance services through its International Financial and Actuarial Service (ILO FACTS);
- Technical and legal advisory services;
- Capacity building and knowledge dissemination;
- Statistical knowledge-base development.

The above areas of work fall under the five major categories of activities for the ILO Social Security Plan of Action that the ILO's Governing Body endorsed in November 2011, as updated in November 2012: policy development and standards-related activities; knowledge development and information sharing; technical advisory services; capacity-building; and building and strengthening partnerships.

Examples of areas of the ILO's direct action include:

- Policy guidance and applied research;
- Technical advice regarding various aspects of social security, including Social Protection Assessment Based National Dialogues;

- Design of new social protection schemes and branches (actuarial, legal and institutional design);
- Actuarial evaluations;
- Diagnostic and planning tools: Comprehensive diagnosis or assessments of the national social protection systems, Social Protection Expenditure Review (SPER), Social Budget, ex-ante simulation of the impact of benefits on poverty reduction, etc.;
- Development of how-to technical guides, and country briefs to share knowledge on good practices.

The following are examples of direct action on institutional development:

- Tripartite social dialogue at national level on issues of design, policy formulation, management and policies of social protection;
- Technical assistance for the review and formulation of national legislation on social security systems;
- Technical assistance for the ratification of ILO conventions on social security;
- Technical assistance for the establishment of administration for SPFs in rural areas (single windows);
- Training for the staff of the institutions involved in the management of social protection institutions;
- Technical assistance to improve statistics and indicators of social protection institutions;
- Technical assistance to establish and improve management information systems for the social protection institutions.

⁵ For more information see www.social-protection.org.

Instruments

Social Security (Minimum Standards) Convention, 1952 (No. 102).

Social Protection Floors Recommendation, 2012 (No. 202).

Platforms and Tools

The ILO Social Protection Platform.

ILO Social Security Inquiry: Quantitative information on social security schemes and benefits as well as aggregate national indicators.

Overview of information on social protection included in household survey data, and questionnaires.

The ILO/EU Programme Improving Social Protection and Promoting Employment (2010-12).

The Social Protection Inter-Agency Cooperation Board.

The UNCEB inter-agency Social Protection Floor Initiative.

Various tools on the extension of social security and social inclusion (STEP Programme).

The Social Security Good Practice Guides (forthcoming).

Publications

ILO. 2001. "Resolution and conclusions concerning social security", ILC, 89th Session, in *Record of Proceedings*, No. 16: Report of the Committee on Social Security (Geneva).

—. 2001. *Social security: A new consensus* (Geneva).

—. 2007. *Social health protection: An ILO strategy towards universal access to health care* (Geneva).

—. 2008. *Promotion of rural employment for poverty reduction*, Report IV (Chapter 5. Social protection: Extending coverage in rural areas), ILC, 97th Session (Geneva).

—. 2011. *Social security for social justice and a fair globalization*: Recurrent discussion on social protection (social security) under the ILO Declaration on Social Justice for a Fair Globalization, Report VI, ILC, 100th Session (Geneva).

—. 2012. *Evidence on gender inequities in social health protection: The case of women living in rural areas*, Extension of Social Security Paper No. 29 (Geneva).

—. 2012. *Social Security for All: Building social protection floors and comprehensive social security systems. The strategy of the International Labour Organization* (Geneva).

—. 2012. *Social protection floors for social justice and a fair globalization*, Report IV (1), (2A) and (2B), ILC, 101st Session (Geneva).

—. 2013. *Feasibility study of the Social Service Delivery Mechanisms for the implementation of the National Social Protection Strategy in Cambodia* (Bangkok).

—. 2013. *Social protection assessment based national dialogue: A good practices guide, Processes and tools developed in East and South-East Asia from 2011 to 2013* (Bangkok).

—. 2013. *Transitioning from the informal to the formal economy*, Report V (1), ILC, 103rd Session, 2014 (Geneva).

—. 2013. *Social protection assessment based national dialogue. A good practices guide* (Bangkok).

—. 2014. *Addressing the Global Health Crisis: Universal Health Protection Policies*, (Geneva).

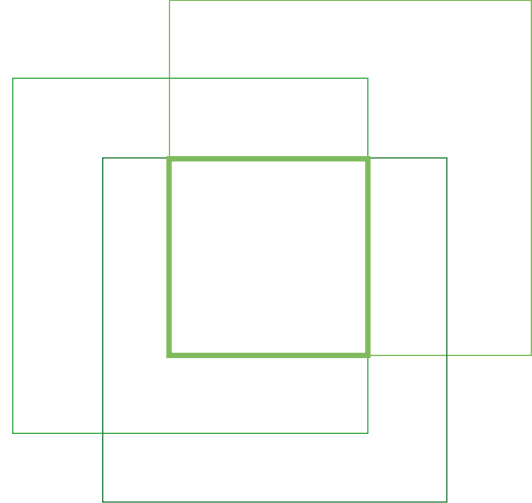
—. 2014. *Design study of the single referral system for the extension of social protection in Indonesia: Background and justification, design of the single referral system (SRS), and roadmap for its implementation* (Bangkok).

—. 2014. *Universal Health Protection: Progress to date and the way forward* (Geneva).

—. 2014. *World Social Protection Report 2014/15. Building economic recovery, inclusive development, and social justice* (Geneva).

—. 2015. *Global evidence on inequities in rural health protection. New data on rural deficits in health coverage for 174 countries* (Geneva).

Overview of Policy Guidance Notes on the Promotion of Decent Work in the Rural Economy



Supporting inclusive agricultural growth for improved livelihoods and food security

- Decent Work for Food Security and Resilient Rural Livelihoods
- Decent and Productive Work in Agriculture

Promoting economic diversification and triggering productive transformation for rural employment

- Economic Diversification of the Rural Economy
- Promoting Decent Work for Rural Workers at the Base of the Supply Chain
- The Role of Multinational Enterprises in the Promotion of Decent Work in Rural Areas
- Transitioning to Formality in the Rural Informal Economy

Promoting access to services, protection and employment-intensive investment

- Providing Access to Quality Services in the Rural Economy to Promote Growth and Social Development
- ***Extending Social Protection to the Rural Economy***
- Developing the Rural Economy through Financial Inclusion: The Role of Access to Finance
- Employment-Intensive Investment in Rural Infrastructure for Economic Development, Social and Environmental Protection and Inclusive Growth

Ensuring sustainability and harnessing the benefits of natural resources

- Greening Rural Economies and Green Jobs
- Decent Work in Forestry
- Harnessing the Potential of Extractive Industries

Increasing the voice of rural people through organization and the promotion of rights, standards and social dialogue

- Rights at Work in the Rural Economy
- Promoting Social Dialogue in the Rural Economy
- Building Local Development in Rural Areas through Cooperatives and other Social and Solidarity Economy Enterprises and Organizations

For more information please visit www.ilo.org/rural
or contact rural@ilo.org