

# RURAL DEVELOPMENT through DECENT WORK

FOR GROWTH, PRODUCTIVE JOBS, INCOME, FOOD SECURITY, GOOD WORKING CONDITIONS, EQUAL OPPORTUNITIES, RIGHTS, VOICE, SUSTAINABLE DEVELOPMENT, CRISIS RESILIENCE



International Labour Office

Themes

Rural Policy Briefs

## Supporting Rural Development through Social Protection Floors

*Most people living in rural areas of developing countries are not covered by any type of social protection. Ensuring a basic level of income security and access to services, especially health care, is not only a necessity, it is a human right and a key factor for social and economic development.*



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### Facts and figures

- About 75 percent of the global population is not covered by adequate social security.<sup>1</sup>
- Approximately 1.44 billion people still live on less than USD 1.25 a day; and 70 percent of the world's very poor people live in rural areas.<sup>2</sup>
- Low incomes and poverty often lead to exclusion from essential goods and services: 925 million people suffer from chronic hunger,<sup>3</sup> 884 million do not have access to safe water, while 2.6 billion lack access to adequate sanitation,<sup>4</sup> and 796 million adults are illiterate, most of whom live in rural areas.<sup>5</sup>
- The majority of rural workers are involved in agriculture, often suffering from hazardous working conditions. 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.<sup>6</sup>
- Rural workers are disproportionately exposed to income insecurities as rural wage employment is typically casual, seasonal and low paid.
- Having few resources, low income, and high exposure to crisis, rural populations are particularly vulnerable to severe financial hardship. Approximately 150 million people experience financial catastrophe each year, and 100 million are pushed into poverty because they need to use, and pay for, health services.<sup>7</sup>
- Maternal and infant mortality are particularly high in rural areas. In low-income countries, only about 35 percent of all women in rural areas have access to professional health services, compared to 70 percent in urban areas.

### Why action is needed

- In many developing countries, state-run social protection coverage focuses on organized sectors of public and industrial employment, leaving the vast majority of rural populations that operate in the informal economy unprotected.
- Rural populations:
  - ◆ Are exposed to high levels of risk, for instance natural hazards such as droughts, floods or storms, depletion of soil, forest and water, crop damage by insects or fire, as well as higher incidences of certain diseases such as tetanus, tuberculosis, malaria, and polio
  - ◆ Often lack access to adequate health care, water, nutrition, sanitation, housing and safe workplaces, making them especially vulnerable to disease and financial insecurity
  - ◆ Are excluded from social protection mechanisms and thus lack the necessary tools to cope with these risks
  - ◆ Participate in weak rural labour markets characterised by monopolistic employers, oversupply of labour, and poor transport and communication infrastructure. As a result, wages in rural areas are depressed and people are trapped in unemployment or underemployment, and poverty
- Rural communities are hampered by a series of challenges, such as inadequate infrastructure, political representation, economic and social services, and productive assets and markets (especially labour markets), which are closely interlinked and are major determinants of poverty.

### The contribution of a Social Protection Floor (SPF)

- Cash or in kind benefits from SPF mechanisms raise the incomes of poor households, helping them fulfill certain household needs.
- Cash benefits generate local consumption and create local economic multiplier effects in rural areas that often experience limited cash flows, thereby expanding domestic markets and promoting growth.



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- Social protection programmes like guaranteed employment schemes can also exert upward pressures on wages as people no longer have to sell their labour below minimum wage.
- Increased demand for services in rural areas may trigger investments into improving the supply of those services.
- Social protection benefits enhance investments in human capital, especially those in education and health, and over the long term improve the employability and productivity of individuals.
- Cash or in kind transfers to financially insecure households can help encourage parents to keep their children in school and reduce child labour.
- A Social Protection Floor gives people the certainty of being able to meet their basic needs, thus enabling people in rural areas to abandon risk-averse livelihood strategies and invest in more profitable income-generating activities such as shifting from low-risk, low-yield crops to higher-risk, higher-yield crops.

## Box 1

### What is the Social Protection Floor?

- A Social Protection Floor (SPF) is the first level of a comprehensive national social protection system that helps realize human rights for all by guaranteeing that:
  - ◆ All persons have the necessary financial protection to access a nationally-defined set of essential health care services including maternal health care
  - ◆ All children enjoy financial security, at least at a nationally-defined minimum level, through family/child benefits in cash or in kind aimed at ensuring access to essential goods and services
  - ◆ All persons in active age groups who are unable to earn sufficient income enjoy minimum income security through social assistance, maternity benefits, disability benefits or other social transfers in cash or in kind or through public employment programmes aiming at ensuring access to essential goods and services
  - ◆ All persons in old age ordinarily resident in the country enjoy income security, at least at a nationally-defined minimum level, through benefits in cash or in kind
- SPF is a powerful tool to combat poverty, accelerate progress to achieve the Millennium Development Goals (MDGs), reduce inequalities, increase social cohesion, and support inclusive economic growth by unlocking the full economic potential of the population.
- A SPF empowers people to meaningfully participate in the development of their societies and ensures that people do not suffer from hunger and avoidable illnesses, do not remain uneducated, do not have to resort to unsafe water, or do not remain homeless.

- Social protection programmes can help poor households build and protect their assets by preventing distress sales of those assets in the case of external shocks that lock households into poverty.
- Social cash transfers also have the potential to counterbalance failures in capital markets. Poor households in rural areas are frequently credit-constrained. Better access to credit means increased entrepreneurship and investment in micro-enterprises and agricultural inputs such as seeds, fertilizers, equipment and livestock.
- Social protection programmes, properly designed and delivered, can be affordable in a range of social, demographic, and economic conditions.

## Policy options

### Adapting existing social protection mechanisms to rural realities

- Evaluate rural localities to determine their particular needs and to what extent these are addressed by existing schemes (e.g. universal schemes).
- Ensure participation of local stakeholders in the determination of their needs and formulation of mechanisms to address them.
- Learn from recent successful experiences and develop innovative approaches to implement universal social protection schemes or schemes targeting rural areas, especially regarding:
  - ◆ Information and awareness raising – Use communication channels appropriate to the rural context, e.g. radio, community van announcements, community gatherings, local authorities, and focal persons
  - ◆ Membership registration and outreach – Learn from successful rural programmes, decentralized registration structures such as registration field officers visiting remote communities and using new technologies/information management systems (e.g. computerized hand-held devices for means-testing surveys or registration of biometric data, etc.). The process requires careful planning, should take rural livelihood realities into account and ensure adequate resources and a realistic time frame for its implementation; for instance, taking into account harvest times, market days, lean seasons, rainy seasons, etc., to maximize outreach
  - ◆ Contribution collection from rural population with contributory capacity – Adjust contributory requirements to rural livelihoods through greater flexibility regarding payment modalities; for instance, adjusting the frequency and timing of contributions to income cycles of agricultural workers. Ensure administrative burden is kept to a minimum and contributions can be easily paid by beneficiaries even in remote areas
  - ◆ Benefit delivery systems – Set up an efficient and reliable delivery system to reach rural areas, possibly using multiple delivery channels including agricultural banks, post offices, shop keepers, mobile ATMs, cell phones or others, as appropriate in the given context. Accessing the benefit should be convenient for beneficiaries



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- Build on existing structures to implement social protection schemes, such as cooperatives or community organizations that have organized membership.
- Identify and pay particular attention 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 and AIDS, members of certain castes, ethnic or religious groups.

### Developing national social security extension strategies and social protection floor policies that address the specificities of rural contexts

National strategies should aim to achieve progressively universal coverage in line with national priorities, administrative feasibility and affordability. This requires specific provisions to reach workers in rural areas, and governments may want to:

- Identify geographical regions, localities, or villages to organize social protection schemes at the local level or improve the delivery of existing schemes.
- Pay particular attention to capitalize on the knowledge and resources of local municipalities and authorities, through for example increasing cooperation, participation and/or decentralizing delivery structures.
- Provide and develop suitable information technology systems to ensure efficient administrative structures regarding the general and financial management and flow of information between core and periphery of the social security administration.
- Ensure the adequate delivery of social protection mechanisms by adopting a holistic approach to provide benefits that match the multiple protection needs of rural populations.

## Box 2

### Old Age Security for the Rural Population in Cape Verde

Cape Verde launched one of the first African non-contributory social pension schemes in 1994, with the assistance of the ILO STEP Programme. The scheme covered people over 60 years of age with an annual income below the national poverty threshold of 49,485 Escudos per capita/year (441 Euros). It contributed to Cape Verde's successful country-wide poverty reduction, from 36.7 percent in 2001 to 26.7 percent in 2008. Currently standing at 5000 Escudos (50 Euros) per month, the scheme frequently updates the amount of the social pension to ensure its relevance to economic realities and development.

Lúisa Oliveira Marques, 81, spent her life on the desert island of Santa Luzia, doing the housekeeping, looking after the family and cattle. She gives testimony of how that social pension has changed her life:

*"Every month I receive the pension and it is with that money that I live on. It's not much but my life has changed because I know I can count on it to buy the basics. Every day I buy goat milk from my neighbour, I can buy food, soap... if I need something for myself, I don't have to wait for charity from others. It is also less a concern for my family, if they cannot help me, they don't have to worry because they know I will not starve. The moment I need something, if I do not have the money, I can buy what I need on credit because I know I will be able to pay later. It is guaranteed and it gives me peace of mind because I can rely on it!"*

Source: <http://www.social-protection.org/gimi/gess/ShowTheme.do?tid=2325>



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## Box 3

### Extending Health Insurance to the Informal Economy

The ILO supported the government of Ghana in designing and implementing a National Health Insurance Scheme (NHIS). The scheme, launched in 2004, marked a milestone in the extension of social health protection in the country. It provides large parts of the population, including those in rural areas and workers in the informal economy, with social health protection. As of 2010, it is estimated that 30 percent of the scheme members, accounting for some 3.2 million people, are informal economy workers. As a result of increased coverage, utilization of health services also increased. Compared to the average 0.5 visits per head per year, insured persons are on average accessing health services twice annually.

Source: <http://www.nhis.gov.gh/>

- Integrate social protection schemes and interventions in rural areas with other social and economic policies or programmes that are reaching out to rural areas, for instance, national employment policies.
- Develop where possible policies facilitating the transition from informal to formal economies.
- Strengthen both demand and supply side interventions for social services in rural areas by building up rural infrastructure and workforce for the supply of services and, where services exist, by strengthening demand for services through conditional cash transfers.
- Strengthen national capacities for social security administration and implementation to reach rural areas, by training all levels of staff, including:
  - ◆ Financial managers and actuaries to conduct periodic evaluations
  - ◆ Administrative staff for membership registration, management, and benefits delivery among other work duties
  - ◆ Social workers for outreach activities, information and awareness
  - ◆ Case management and monitoring and evaluation officers, to track progress, measure impact and allow for corrective measures where needed

### ILO's Role

- Social protection is one of the core elements of ILO work and one of the four pillars of its Decent Work agenda.
- Since 2009, the ILO works in partnership with the World Health Organization (WHO) as the lead agencies of the United Nations Chief Executive Board Social Protection Floor Initiative.

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- The ILO is currently assisting over 31 countries to strengthen their social protection systems, with a particular emphasis on social protection financing which is often a key challenge.

- The ILO:

- ◆ Supports countries in the design and implementation of national two-dimensional social security strategies:
  - The horizontal dimension - to extend a basic set of guarantees that ensure income security throughout the life cycle as well as provide health protection for all, paying particular attention to vulnerable populations such as rural population, migrants, people with HIV and AIDS, the disabled, women and youth.
  - The vertical dimension - to provide higher levels of income security and access to health care at least in line with the requirements of the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102).
- ◆ 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.
- ◆ Promotes, at national and international level, social dialogue and the role of social partners (governments, employers' and workers' organizations) in the design,

governance and implementation of comprehensive and sustainable social security for all.

- ◆ Strengthens capacities of social partners and national stakeholders for a better understanding of Social Protection and up-to-date ILO social security standards, notably the Convention on Social Security (Minimum Standards), 1952 (No.102) to promote their ratification and implementation.
- ◆ Has a substantial set of tools and guides relevant for social protection in rural areas, including for carrying out costing, social protection needs analysis, impact analysis, and for knowledge sharing.
- ◆ Facilitates the exchange of experiences in extending social security, notably by providing related data and statistics through the Social Security Inquiry database; the knowledge sharing platform on the Global Extension of Social Security (GESS) ([www.socialsecurityextension.org](http://www.socialsecurityextension.org)); and through promoting South-South dialogue.

<sup>1</sup> ILO: World social security report 2010/11: Covering people in times of crisis (Geneva: 2010)

<sup>2</sup> IFAD: Rural Poverty Report 2011 - New realities,

new challenges: new opportunities for tomorrow's generation (Rome: 2010)

<sup>3</sup> FAO: Global hunger declining, but still unacceptably high: International hunger targets difficult to reach. (Rome: 2010)

<sup>4</sup> WHO/UNICEF: Joint monitoring programme (JMP) for water supply and sanitation, [www.wssinfo.org/data-estimates/introduction](http://www.wssinfo.org/data-estimates/introduction)

<sup>5</sup> UNESCO Institute for Statistics, [www.uis.unesco.org/ev\\_en.php?ID=6401\\_201&ID2=DO\\_TOPIC](http://www.uis.unesco.org/ev_en.php?ID=6401_201&ID2=DO_TOPIC);

<sup>6</sup> ILO: Promotion of rural employment for poverty reduction, Report IV, International Labour Conference, 97th Session (Geneva: 2008).

<sup>7</sup> Xu K., Evans D.B., Carrin, G., Aguilar-Rivera, A.M.: Designing health financing systems to reduce catastrophic health expenditure. Technical brief for policy-makers, Number 2/2005. WHO/EIP/HSF/PB/05.02. (Geneva, WHO: 2005)

## Links

- 📄 ILO: Social Security Department: <http://www.ilo.org/public/english/protection/secsoc/>
- 📄 Global Extension of Social Security (GESS) an interactive knowledge sharing platform on social protection: [www.socialsecurityextension.org](http://www.socialsecurityextension.org)

## Tools

- ◆ ILO: *Extending Social Security to All - A Guide through Challenges and Options* (Geneva: 2010) <http://www.socialsecurityextension.org/gimi/gess/ResShowResource.do?resourceId=16152>
- ◆ ILO: *Social Protection Floor Initiative: Manual and Strategic Framework for Joint UN Country Operations* (Geneva: 2009) <http://www.socialsecurityextension.org/gimi/gess/ResShowResource.do?resourceId=14484>
- ◆ ILO: *Social Budgeting. Quantitative Methods in Social Protection Series* (Geneva: 2000) - A practical guide on how to establish a rational tool for information about social protection expenditure and revenue <http://www.socialsecurityextension.org/gimi/gess/ResShowResource.do?resourceId=8022>

## Other Materials

- ◆ ILO: *Social Security Inquiry* – a database of statistical data on social security worldwide, including expenditure and revenue of social protection schemes as well as data on protected persons, recipients of social benefits and benefit amounts, available at: [http://www.ilo.org/dyn/ilosssi/ssimain.home?p\\_lang=en](http://www.ilo.org/dyn/ilosssi/ssimain.home?p_lang=en)
- ◆ ILO: *Report VI, 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*, International Labour Conference, 100<sup>th</sup> Session (Geneva: 2011), available at: <http://www.socialsecurityextension.org/gimi/gess/ResShowResource.do?resourceId=21960>
- ◆ ILO: *World Social Security Report 2012/13* with a focus on Social Protection in Rural Areas, particularly women (forthcoming).

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