

The state of social insurance for agricultural workers in the Near East and North Africa and challenges for expansion

Lucas Sato, International Policy Centre for Inclusive Growth (IPC-IG)

Rural areas in the Near East and North Africa (NENA) are commonly characterised by high dependence on agriculture and natural resources, high levels of informality in employment arrangements, low productivity rates and high prevalence of poverty. Poor rural households are particularly exposed to risks during their life cycle and to covariate risks such as drought and armed conflict. Social protection policies have great potential to respond to these risks, reduce poverty and promote agricultural development. While non-contributory programmes can provide a basic level of income security and access to essential health care, and ensure food security and small-scale livelihood activity, contributory schemes can provide higher levels of protection, enabling rural populations to better manage risks and prevent impoverishment. However, agricultural workers are often excluded from social protection systems, especially from contributory schemes.

Against this background, the IPC-IG and the Food and Agriculture Organization of the United Nations (FAO) Regional NENA Office joined efforts to develop a working paper (Sato 2021) analysing the availability and main barriers of social insurance schemes for agricultural workers in the region. The aim of the working paper is to contribute to fill the gap in the literature regarding the role of contributory schemes for workers in the agricultural sector.

Based on the International Social Security Association (ISSA) database, which provides details on the legal coverage of social insurance schemes, the paper sheds light on significant legal gaps and exclusionary mechanisms against agricultural workers. Countries such as Jordan, Lebanon, Sudan, Tunisia and Yemen explicitly exclude certain agricultural workers from some or all contributory schemes, in most cases because these workers are excluded from the application of the countries' labour laws. Yemen, Syria and Lebanon exclude certain migrant workers, who often represent a large share of the labour force in agriculture. Moreover, except for Libya, all other countries have legal barriers that exclude self-employed workers from at least one social insurance scheme. Finally, several countries exclude workers in non-standard forms of employment, such as temporary, seasonal and casual employment, from some or all schemes, even though this represents one of the most common forms of employment in the agricultural sector. Even when inclusive legal frameworks exist, compliance can be poor regarding non-standard forms of employment—due to factors such as the limited capacity for labour and social security inspection; weak systems and incentives; and limited opportunities for information-sharing and cross-referencing across public institutions.

A lack of data is a significant limitation in analysing the effective social protection coverage of rural populations and poses a primary barrier to its expansion in NENA. However, considering the low effective social protection coverage of the overall population, the characteristics of agricultural workers in the region (e.g. high informality, seasonality etc.), and the additional barriers they face to enrol in social protection, it is possible to infer that coverage rates for rural families is minimal.

Yet there are indications that social insurance schemes can have a significant impact on poverty reduction. According to World Bank Atlas of Social Protection Indicators of Resilience and Equity (ASPIRE) data, social insurance schemes have significantly reduced the poverty headcount in the poorest quintile living in rural areas in Egypt, Jordan and Mauritania. Moreover, in Egypt and Jordan social insurance schemes have provided higher benefits and had larger impacts on poverty reduction than social assistance schemes for both rural and urban populations.

In addition, the report discusses some of the main barriers to the expansion of social insurance schemes in the NENA region and presents examples of policies that have been adopted to address them. Besides the lack of data and exclusionary legal frameworks, they include:

- **Financial barriers:** Social insurance schemes that require regular monthly contributions are not adapted to the income characteristics of agricultural workers, which is generally seasonal, low, irregular, unpredictable and primarily non-cash or in-kind. To overcome this issue, Morocco adapted its social insurance scheme for small-scale fishers by deducting their income-related contributions for social and health insurance at the point of catch sale.
- **Administrative and institutional barriers** encompass the lower levels of registration (identification) among rural workers and the limited number of physical offices that disburse benefits in rural areas. An important initiative led by FAO in partnership with the Government of Lebanon to overcome the lack of registration is the establishment of a farmers' registry, a web-based application that leverages agricultural and socio-economic data to gather key information on smallholder farmers and, indirectly, expand social protection coverage.
- **Participation and information challenges** include factors such as lack of access to the political decision-making process and political marginalisation faced by rural communities; limited awareness of social protection programmes; and widespread mistrust of public institutions and government agencies. To overcome information limitations, successful initiatives have adopted measures such as awareness-raising campaigns and specific strategies in rural contexts.

NENA countries are reforming their social policies to create more pro-poor social protection systems. This context of reform provides a window of opportunity to expand social protection floors and cover traditionally excluded groups, such as agricultural workers. This report shows the importance of adapting social insurance schemes for rural workers, given their great potential to mitigate poverty and reduce inequality in the region.

Reference:

Sato, L. 2021. "The state of social insurance for agricultural workers in the Near East and North Africa and challenges for expansion." *IPC-IG Working Paper*, No. 189. Brasília: International Policy Centre for Inclusive Growth and Food and Agriculture Organization of the United Nations.