

Social protection in agriculture

The social protection of agricultural workers and their families is a basic need and right for populations who are often extremely vulnerable to a whole range of social risks. But the great majority of these workers are often excluded from any social security system. Socially and economically, this situation can have serious consequences.

Christian Jacquier

Programme Coordinator

Strategies and Tools against Social Exclusion and Poverty (STEP)

ILO

On the social protection of agricultural workers,¹ the situation varies greatly from one country to another. Generally speaking, however, it may be regarded as bad in most developing countries and often catastrophic in the least advanced ones.

In the vast majority of cases, agriculture will always be in a less favourable position, in every respect, than other sectors of the economy and society. Social protection is no exception to this rule. Rural areas are greatly underprivileged in comparison with the urban areas. The position of women, seasonal farm labourers and migrants is often even more precarious.

This situation is all the more serious because it concerns workers and families who, due to their working and living conditions and their accommodation, are particularly exposed and vulnerable to illness, accidents and sudden misfortune (loss of harvests, livestock, income, capital, etc.). This is reflected in high morbidity and mortality, notably among mothers and infants. Agriculture is the sector with the highest accident figures. That is scarcely surprising, as it combines exposure to a number of specific occupational hazards, notably those linked to chemical substances (fertilizers, pesticides, herbicides, etc.), with low levels of education (illiteracy is more widespread in the rural areas), prevention and information. Moreover, agriculturalists are also very vulnerable to climatic contingencies (drought, floods,

other natural disasters, etc.) and to erratic variations in the price of agricultural produce. The notable lack of basic infrastructure (irrigation, drainage, sewerage, roads, storage, etc.) and of appropriate services (drinking water, food safety systems, sewerage, information, promotion of agriculture, health precautions, etc.) in many rural areas does much to further increase the vulnerability of the populations concerned. That vulnerability is made even more serious by a strong tendency to exclude independent agricultural workers from compulsory social security systems (social insurance).

Vulnerability and exclusion

In general, agricultural workers rarely have access to appropriate forms of insurance or other types of prepayment. Thus, they do not enjoy the advantages of mutual provident societies and collective risk management. In case of problems, they can count only on traditional solidarity, where it still exists, or else they must directly, individually and immediately bear the financial consequences (payment of services, medicines and other costs, loss of income, etc.).

They are also excluded from the benefits of the redistributive and national solidarity dimensions of social insurance. This exclusion is rarely compensated by effec-

tive social assistance. The non-availability of financial services in the rural areas heightens the difficulties, so many agriculturalists have recourse to usurers who apply very high interest rates. The resulting financial burden is added to the financial consequences of the illnesses and accidents and can mean lasting impoverishment for the families. The more so as there is a major deficit in access to basic social services, particularly health services. In many countries, this is a sign of the low priority given to rural areas in the allocation of public spending.

What is more, rural populations are often very spread out and the density of services in rural areas is low. Thus, the majority of the population is far away from these services (a situation known as "geographical" exclusion). Accentuating this are the difficulty and cost of transport and the lack of communications infrastructure.

A further dimension to the problem is often the poor quality of the services (low priority for preventive and promotional campaigns, absenteeism among health staff assigned to rural areas, inappropriate opening hours, stock shortages of generic medicines, high prices, bad management, corruption, waiting times, lack of dignity in access for women, indigenous populations, etc.). This leads to underconsumption of services and a delay in access to care, thus worsening the consequences and costs of illnesses and accidents.

Chronic poverty

On the economic side, all this means a great deal of lost time and a lowering of productivity and incomes, so that the families concerned remain in situations of chronic or structural poverty.

In other words, the agricultural workers suffer from the absence or inadequate supply of social services and are excluded from the systems of social protection, insurance and assistance, whereas they are among the populations most exposed to hazards and most vulnerable in social terms.

So, to improve this situation, there is an urgent need to encourage the development of social protection systems that are appropriate to the needs of agricultural workers. However, numerous specific constraints have to be taken into account.

The first thing to be noted is the inappropriateness and inadequacy of the prevention policies in rural areas. The absolute priority should therefore be to reduce excessive exposure to hazards, within a framework of real strategies for prevention and promotion. But this demands integrated action on the whole group of factors determining exposure to hazards, notably through effective coordination of all sectoral prevention policies and a major education and information drive among agricultural workers. This, despite the obstacles, is the area of intervention with the best cost-benefit ratio.

On social insurance, the constraint is that, for the most part, agricultural workers are self-employed. So they do not have employers who could help to co-finance their system of social protection. In the absence of aid from the public authorities, they have to finance the systems on their own.

Another constraint is their low capacity to pay contributions. Agricultural workers usually have weak incomes, lower than the national average. Thus, their total spending on health is generally not more than US\$10 per head per year in sub-Saharan Africa and South Asia. In these circumstances, it is understandable that their ability to take part in voluntary insurance schemes and to pay social contributions is limited.

As well as their low income levels, there is the problem of their weak integration into the cash economy. Many are engaged in subsistence farming and therefore sell only a limited part of their production. So they have difficulty in paying monetary contributions, and banking services are beyond their reach.

Moreover, as their income is linked to the sale of agricultural produce, their revenues are usually irregular (one or two harvests a year) and unpredictable, as they

are governed by the size of harvests and by prevailing prices. This is why systems based on payment in kind, to be settled at harvest time, are so successful.

Distrust of systems organized by the authorities is another obstacle. Having often been through bad experiences in the past, agriculturalists tend to have limited confidence in public management and governance.

Unfamiliarity with how insurance works – and the difficulty of convincing people to take out insurance for access to services that do not exist or are of insufficient quality – does not help matters. This is particularly true of primary health care in the countryside.

One possible way around these problems is demonstrated by schemes in Bangladesh, particularly those run by the Grameen Bank and the Bangladesh Rural Action Committee (BRAC). These provide health insurance based on delivery of primary, local, high-quality healthcare. They could serve as a model in this field.

Political will

In view of all these difficulties, provision of basic social protection for agricultural workers requires a clear political will and considerable, lasting efforts by States in order to develop appropriate local social services and the mechanisms of solidarity and equality required in order to co-finance access to them.

An interesting attempt at this has been made in the Indian state of Kerala, through a system of welfare funds. In particular, the Agricultural Workers' Welfare Fund, established since 1990, offers partial coverage for about a million agricultural workers (pensions, insurance in case of death and educational provision for children).

Similarly, since 1987 Sri Lanka has had a Farmers' Pension and Social Security Benefit Scheme which covers 675,000 families.

In India, a pilot scheme launched by central Government in July 2002 is operating in 50 districts. It currently covers 170,000 agricultural workers who pay in

1 rupee per day, while the Government provides a subsidy of 2 rupees per worker per day, through a social security fund. The same fund provides a 50 per cent subsidy for the life insurance scheme set up by the Self-Employed Women's Association in Gujarat (100,000 members).

In addition, the Indian Government announced in May 2003 that it intended to draw on such experiments in order to launch a community-based universal health insurance system for the poor. The Government would offer a partial subsidy for the contributions payable by families living below the poverty line.

In the Philippines, impoverished un-waged small farmers can join the Phil-Health social insurance scheme at a subsidized rate, co-financed by central Government and local communities.

Under Colombia's Law No. 100, the compulsory health insurance scheme subsidizes the contributions due from the poorest families. In Mexico, the Government is launching a national pilot initiative to subsidize access by the 3 million poorest households to health insurance via the Seguro popular (people's saving scheme). It is hoping to cover 150,000 families by 2003. In Brazil and Mexico (the Progres project), "conditional schooling grant" schemes help support children's education and health.

Up to now, these examples provide only limited cover for the beneficiaries, and are encountering big financing problems. In reality, few States today have committed themselves to support mechanisms for universal coverage of agricultural workers. A lack of financial resources, absence of political consensus, problems of good governance and difficulties in managing decentralized systems are among the obstacles that will first have to be overcome.

Also, the transaction costs involved in establishing and managing decentralized, geographically dispersed systems, within a context of poverty, sometimes prove prohibitive when undertaken by the State. For example, the managerial costs for Kerala's welfare funds often exceed 50 per cent of the contributions paid in.

Moreover, agricultural workers' specific needs in terms of social protection are very diverse, and are strongly dependent on the local context (climate, culture, production type, gender, production system, etc.). And yet, little is available in the way of reliable information or statistics on these needs. Uniform centralized systems are therefore unlikely to take account of this diversity and to be relevant to populations' own priorities.

The low organizing rates among agricultural workers, and the lack of representative organizations, also make it more difficult to identify and take account of these specific priority needs, and to implement such strategies, particularly within the framework of social dialogue.

Local initiatives

Given the inadequacies of central social protection systems, a growing number of community-based local initiatives are springing up in many countries. In West Africa, for instance, a real movement of health insurance funds (several hundred) is now developing, particularly in the rural areas, making it possible to organize a paying demand for health care and to strengthen agricultural workers' bargaining power vis-à-vis the providers. The emergence of regional or national federations of mutual health insurance funds in some countries is helping to reinforce this trend, and may create the conditions for the establishment of contractual policies with governments.

Such community-based health insurance schemes are also appearing in large numbers in Asia (India, Bangladesh, Nepal, Philippines, etc.). They are launched by existing organizations of various kinds, such as trade unions, agricultural cooperatives or associations, non-governmental organizations (NGOs), local communities or health centres.

Interesting examples of this are found in India, within the framework of the sugar cooperative movement in the state of Maharashtra and the milk cooperatives of

the Gujarat. These offer social protection services to more than a million members (health, education for children, harvest insurance and pensions). Another instance is the health insurance developed in Nepal by the General Federation of Nepalese Trade Unions (GEFONT - 400,000 members) which seeks to organize workers in the informal economy.

There are similar set-ups in Argentina, within the agricultural cooperatives, and in Central America in the framework of the coffee cooperatives. In Nicaragua, the Rural Workers' Association (Asociación de Trabajadores del Campo, ATC) founded the Del Campo mutual health fund.

Such community-based social protection schemes, of a cooperative or mutualist nature, make it possible to stimulate organized participation by agricultural workers, to take more account of their needs and to mobilize and upgrade local resources, including social capital, so as to limit management costs and the costs to the beneficiaries. The World Health Organization's Commission on Macroeconomics and Health regards them as flexible and promising mechanisms for meeting needs at the local level.

Nonetheless, these community-based systems are not a panacea, as their financial and institutional weaknesses mean that they cannot, on their own, provide durable solidarity-based social protection. On the other hand, they have considerable potential for promoting complementary systems, in conjunction with public schemes (social security, social assistance, health-care systems, etc.).

In short, the problem is to achieve equity and efficiency simultaneously, within a context of great diversity. Diversity, that is, of actors (agricultural workers, State, local communities, social partners, service providers, local organizations, cooperatives, mutual health funds, civil society etc.), of mechanisms (subsidized services, social assistance, social insurance, decentralized systems, etc.) and of contexts.

No one actor and no one mechanism appear able to provide an appropriate solution. So there is a need to develop coher-

ent, solidarity-based strategies, rooted in an ad hoc combination of different types of mechanism, coordinated and complementary, and capable of efficiently mobilizing the whole of the available resources and skills – including, naturally, those of agricultural workers and farmers.

ILO efforts

Efforts by the ILO to help improve social protection for agricultural workers are placed within the broader framework of the ILO's Global Campaign on Social Security and Coverage for All, launched in 2002 following the conclusions of the general discussion on social security at the 2001 International Labour Conference.

The ILO global programme on Strategies and Tools against Social Exclusion and Poverty, known as STEP, is a key operational instrument in this campaign. Among its main aims is to improve and propagate knowledge of innovative mechanisms for extending social protection, particularly in rural areas.

Currently present in more than 30 countries of Africa, Latin America and the Caribbean, Asia and Europe, it combines studies, research and trials in the field with the design of practical tools (both methodological and didactic), training, technical support, institutional reinforcement, social dialogue and the running of partnership networks.

In the countryside, it is seeking to develop innovative mechanisms for the in-

clusion of agricultural workers and farmers within social protection systems. Such mechanisms seek to combine decentralized participative systems (whether community-based or in the form of mutual funds) which promote the organization and empowerment of a paying demand by agricultural workers, while public interventions via various redistributive mechanisms promote the expression of a certain solidarity at the national level.

Conclusions

The social protection of agricultural workers and farmers is a vital dimension, and thus far an all too neglected one, of the promotion of decent work in agriculture. The specific characteristics of this sector mean that a simple generalization of the classic social protection systems is not possible. Innovative, appropriate solutions must therefore be developed and propagated on a large scale. This is a big task, and it will be a long haul, requiring the sustained mobilization of all the actors concerned.

The ILO will be heavily involved in this over the coming years, within the framework of its Global Campaign on Social Security and Coverage for All.

Note

¹ Translator's note: In the English version of this article, the term "agricultural workers" has generally been used to denote both paid agricultural labourers and small-scale or subsistence farmers.