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Financing social insurance schemes for agricultural workers in the Middle East and North Africa

Lucas Sato, Nicole Figueiredo and Nourjelha Mohamed, International Policy Centre for Inclusive Growth (IPC-IG)

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Financing social insurance schemes for agricultural workers in the Middle East and North Africa
By Lucas Sato, Nicole Figueiredo and Nourjelha Mohamed

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Authors
Lucas Sato (IPC-IG)
Nicole Figueiredo (IPC-IG)
Nourjelha Mohamed (IPC-IG)

Research coordinators
Charlotte Bilo (IPC-IG)
Fábio Veras Soares (IPC-IG)
Dalia Abulfotuh (FAO RNE)
Luca Pellerano (ILO ROAS)
Lea Bou Khater (ILO ROAS)

Collaborators
Greta Campora (FAO HQ)
Omar Benammour (FAO HQ)
Walaa Talaat (FAO RNE — former)

Designed by the IPC-IG Publications team
Roberto Astorino, Flávia Amaral, Priscilla Minari and Manoel Salles

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FINANCING SOCIAL INSURANCE SCHEMES FOR AGRICULTURAL WORKERS IN THE MIDDLE EAST AND NORTH AFRICA

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This research report is the result of a partnership between the International Policy Centre for Inclusive Growth (IPC-IG), the Food and Agriculture Organization of the United Nations Regional Office for the Near East (FAO RNE) and the International Labour Organization Regional Office for Arab States (ILO ROAS).

This paper was prepared by Lucas Sato, Nicole Figueiredo and Nourjelha Mohamed (all IPC-IG), under the coordination of Charlotte Bilo and Fabio Veras (both IPC-IG), Dalia Abulfotuh (FAO RNE), Luca Pellerano and Lea Bou Khater (ILO ROAS).

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ACRONYMS AND ABBREVIATIONS

AW	Agricultural worker
FAO	Food and Agriculture Organization of the United Nations
ILO	International Labour Organization
IPC-IG	International Policy Centre for Inclusive Growth
LMIC	Low- and middle-income country
MENA	Middle East and North Africa
OPT	Occupied Palestinian Territories
SI	Social insurance

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1. INTRODUCTION

Some of the main barriers preventing the expansion of social insurance (SI) schemes to agricultural workers (AWs) are of a financial nature.[1] Usually, SI schemes rely on the co-responsibility in financing between employers and employees, base contribution values on regular wages, and only accept monthly contributions in cash. These characteristics often lead to the exclusion of most AWs in low- and middle-income countries (LMICs), since they usually do not have stable contracts with their employers, or even do not have an employer (as in the case of self-employed subsistence farmers), and their income pattern is characterised by being seasonal, low, irregular, unpredictable and often non-cash or in-kind (Allieu and Ocampo 2019; ILO and FAO 2021).

The barriers faced by AWs to access SI schemes, and the limited coverage of social assistance (partially due to a lack of inclusive tax-funded schemes), lead most AWs to fall into the 'missing middle'—i.e. those workers who neither qualify for a social assistance programme nor are covered by SI schemes (ILO 2020). Many workers in this category are willing to contribute to SI schemes but are excluded because of financial, administrative, legal and informational barriers. Studies undertaken by the International Labour Organization (ILO) in Lebanon |(Silva-Leander et al. 2021) and Jordan (Razzaz, Pellerano, and Byrne 2021), for example, show that 92.6 per cent and 97 per cent, respectively, of AWs are not covered by SI schemes in those countries. Moreover, these studies demonstrate that there is a high level of heterogeneity in income levels among informal workers in Lebanon and Jordan, meaning that financial constraints are not the main barrier for all, but AWs tend to be the most vulnerable and present lower income levels than other categories of informal workers (Silva-Leander et al. 2021; Razzaz, Pellerano, and Byrne 2021). Other studies[2] in Lebanon and Syria indicate that around 70 per cent of informal workers are willing to pay for SI schemes, and point out that they could contribute, on average, 5.8 per cent of their salary.[3] It is important to note that SI schemes usually provide higher levels of protection than social assistance and enable rural households to better manage risks (FAO 2019a).

To overcome financial barriers to the extension of SI schemes, countries worldwide, including in the Middle East and North Africa (MENA)[4] region have been adopting strategies to adapt financing mechanisms to informal workers, and specifically AWs. The provision of (targeted) subsidies to contributions, usage of proxies to measure producers' contributory capacity, and allowing flexible contributions rather than monthly payments are some of the approaches that have been promoting the expansion of SI coverage for AWs (ILO and FAO 2021; ILO 2021a).

Against this background, **this research report aims to understand the main financial barriers that may hinder the coverage of AWs by SI schemes in the MENA region, and which strategies can help address them**. It builds on the common approach developed by the Food and Agriculture Organization of the United Nations (FAO) and the ILO to extend social protection to rural populations (ILO and FAO 2021), a working paper produced by IPC-IG and FAO on the state of SI for AWs in the MENA region (Sato 2021), and the Ministerial Forum Declaration 'The future of Social Protection in the Arab Region: Building a vision for a post-COVID-19 reality'.[5] On the latter, it is noteworthy to highlight the Ministries' endorsement of the following topics:

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1. See the Methodological Note <https://t.ly/C2r-> for a definition of 'social insurance' and 'agricultural workers'.

2. See Gatti et al. (2014) for more details on the surveys in Lebanon and Syria and other results.

3. For purpose of comparison, employees in Lebanon pay 2 per cent of their salaries to the National Social Security Fund for health insurance coverage, in addition to 9 per cent paid by employers (Gatti et al. 2014).

4. This series considers as MENA region the following 18 countries: Algeria, Libya, Mauritania; Morocco, Tunisia; Egypt, Iran, Iraq, Jordan, Lebanon, Sudan, Syria; Saudi Arabia, Kuwait, Bahrain, United Arab Emirates, Qatar, Oman, and Yemen and OPT. Check the methodological note for other key concepts.

5. Read the full declaration at <https://socialprotection.org/discover/publications/ministerial-forum-declaration-future-social-protection-arab-region-building>.

- "**Reviewing efforts to extend social protection** to especially vulnerable groups such as children, older persons, persons with disabilities, women, **workers in the informal and the rural economy, all migrant workers, refugees and people on the move**"; and

- "**Ensuring access to adequate social protection for workers in all types of employment—formal and informal**—and making social protection systems more inclusive and effective as enablers of national formalization strategies".

This report is the second in a series of three resulting from this effort.[6] The first report discusses the main risks faced by AWs in MENA and how SI benefits can mitigate them, while the third report further analyses the main administrative barriers to extending SI coverage for AWs in the region. This second report aims to answer the following main research questions: What are the financial barriers to extending SI for AWs in the MENA region? Which interventions can help to finance the extension of SI schemes for AWs in MENA?

The second section of this report explores the main financial barriers faced by AWs in the MENA region, and the third section provides possible approaches to address them. The report concludes by summarising the main takeaways of the research.

The methodology used to develop this report and the other two in this series is based on a desk review of relevant literature, focus group discussions, and semi-structured interviews with key informants from the MENA region. Two focus group discussions were conducted in 2021 (August and December) with the participation of 43 stakeholders, including representatives of relevant ministries and national social security institutions, researchers and academics, and experts from United Nations agencies. Another 15 semi-structured interviews with representatives of AW unions and associations took place between September and November 2021 (online and via telephone). Participants in both the focus group discussions and the interviews were mainly from Algeria, Egypt, Iraq, Lebanon, Morocco, Occupied Palestinian Territories (OPT) and Sudan. They were invited to discuss the main risks faced by AWs in the region and the main barriers to extending SI schemes in the sector. Details on the methodology of the series can be found in the Methodological Note.[7]

2. WHAT ARE THE FINANCIAL BARRIERS TO EXTENDING SOCIAL INSURANCE FOR AGRICULTURAL WORKERS IN MENA?

This section presents the main financial barriers faced by AWs in the MENA region to join SI schemes. It is mainly based on analysis of the key informant interviews and focus group discussions. The findings of the interviews and discussions are complemented by a literature review and available data. The adaptations that can help to mitigate the barriers presented in this section are discussed in the third section of this report. The reader can click on the icon of each barrier presented below to be directed to the solutions related to them.

It is relevant to note that besides all the barriers discussed below, migrant workers, who comprise a significant share of AWs in the MENA region, face particular barriers. They often face 'double exclusion' from legal frameworks, as many countries in MENA exclude all workers in the agriculture sector or some common types of employment relationships in agriculture (e.g. casual workers, self-employed, seasonal workers) from SI schemes. Even where this does not occur,

6. See: <https://t.ly/uEjz> and <https://t.ly/AlyL>.

7. See: <https://t.ly/C2r->.

legal frameworks can still discriminate against non-nationals, preventing them from contributing[8] (Razzaz, Pellerano, and Byrne 2021). On the financial side, migrants allowed to contribute also face an additional financial disincentive, as they are often not reassured that they can benefit fully from SI in the future if they return to their country of origin.

2.1. Low contributory capacity

Interviewees from **Egypt, Iraq, Lebanon, Sudan and Tunisia** stated that the **low salaries and income levels** in the agriculture sector are one of the major barriers that prevent AWs from contributing to SI schemes, undermining the affordability of contributory schemes. Factors such as the widespread informality in the sector, low minimum wages and weak or absent labour market institutions to prevent abuse and exploitation, the prevalence of in-kind payments, low productivity, and additional barriers for some groups such as migrants and self-employed workers are associated with the affordability challenge. Such challenges manifest differently between self-employed, regular wage workers and other categories of AW.

Small producers, who are often subsistence self-employed workers, usually have low income levels. An informant from **Egypt**[9] mentioned that farmers' average income is extremely low (EGP150—or USD9.50[10]—per day), which makes contribution unaffordable. Similarly, an informant from **Tunisia**[11] mentioned that, even when AWs are legally covered by SI schemes, their effective coverage is still low because of their limited financial capacity to contribute.

Literature review reveals that the productivity of agricultural land in the MENA region is far below global averages[12] (OECD and FAO 2018). Moreover, climate change is further compromising agricultural production, aggravating problems related to extreme heat, the availability of agricultural land, and water scarcity, drought and aridity conditions under climate change (Waha et al. 2017). A synthesis of peer-reviewed literature from 2010 to date and own modeling work on biophysical impacts of climate change on selected sectors shows that the region is highly affected by present and future climate change. These biophysical impacts paired with other pressures and a lack of resilience in some countries cause high vulnerabilities within these sectors and for social dimensions in the MENA region. The agricultural sector, of which 70 percent is rain-fed, is highly exposed to changing climatic conditions. This is of critical importance as the agriculture sector is the largest employer in many Arab countries and contributes significantly to national economies. Impacts will be high in a 2 °C world, as, e.g., annual water discharge, already critically low, is projected to drop by another 15–45% (75% in a 4 °C world Heck et al. 2020).

As subsistence self-employed workers, producers often also face the 'double contribution challenge'—i.e. they need to pay higher contribution rates to cover contributions as both an employer and an employee (ILO 2021a). In Libya, for example, self-employed workers pay 15.67 per cent of their gross monthly earnings as an SI contribution, while employees share the responsibility with their employers, contributing 3.75 per cent of their earnings while their employers pay 10.5 per cent of gross monthly payroll (Sato 2021).

8. See Annex 2 of the World Social Protection Report 2020–22: Regional Companion Report for the Middle East and North Africa (MENA) Region (ILO 2021c) for an overview of countries that exclude non-national workers from the main contributory schemes.

9. AW representative from the *Fayoum* Agro Organic Development Association (Egypt).

10. All values in US dollars were calculated according to the exchange rate of 23 February 2022.

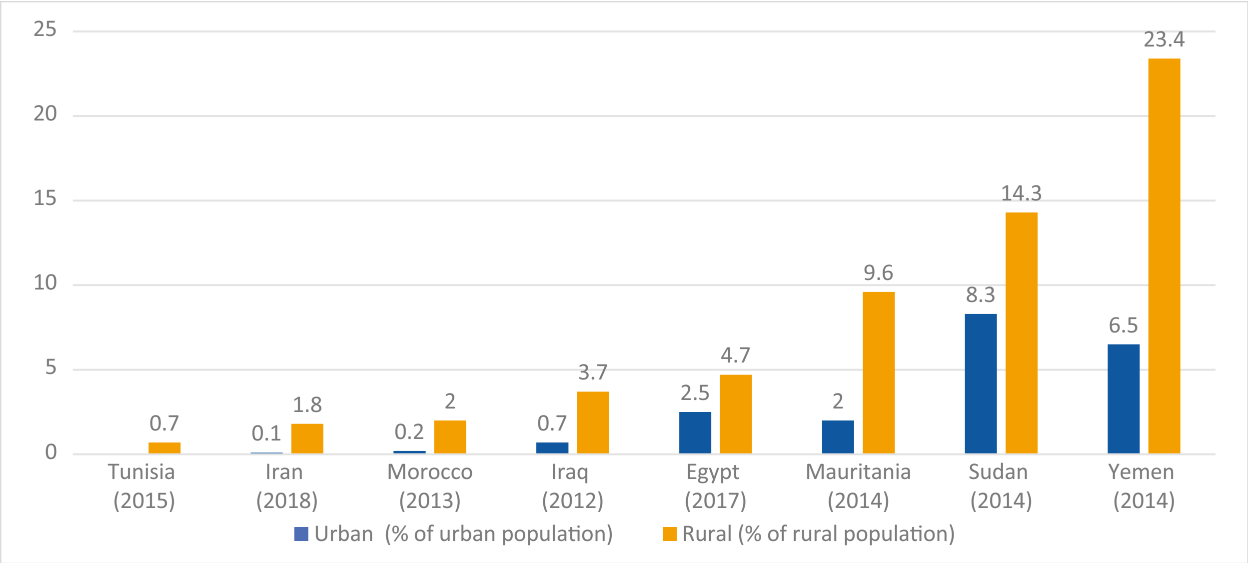
11. Researcher at *Centre de Recherches et d'Études Sociales* (CRES).

12. An indicator that can demonstrate the productivity is the value of gross production per hectare of agricultural land, which shows that between 2001 and 2014 the MENA region had a value of 226, while the world average was 449. In other words, the MENA region had almost half of the world average (OECD and FAO 2018).

For waged AWs,[13] interviewees from Morocco[14] and Iraq[15] expressed their concerns about insufficient minimum wages in the sector and the lack of compliance of employers to pay even the minimum wage. The Moroccan informant mentioned that the minimum wage for AWs is insufficient to guarantee a decent livelihood and contributions to SI schemes. The Iraqi informant also mentioned that the minimum wage in the agriculture sector is too low, and that AWs are usually paid even less than the minimum wage.

Waged AWs also commonly receive in-kind payments rather than cash, as mentioned by interviewees from Iraq[16] and Egypt,[17] which makes it difficult for them to pay contributions in cash. Interviews revealed that women in both countries are especially likely to be family workers[18] and, therefore, do not receive cash payments. The Iraqi interviewee also highlighted that the conflict in the country has greatly affected rural areas, resulting in the impoverishment of many AWs and leading them to work in exchange for food and housing. The literature review confirms that rural workers are likely to receive part or the totality of their salaries as in-kind remunerations, such as in the form of housing, goods and services (ILO and FAO 2021), which is often an indication of casual or precarious employment, and employment relationships of dependency and subordination (ILO, FAO, and IUF 2007; Oya 2016). Moreover, liquidity constraints make AWs prioritise the payment of more pressing needs rather than adhering to SI schemes (ILO and FAO 2021). As the contributory schemes in the region tend to focus on the provision of long-term benefits, as opposed to benefits during working life (e.g. employment injury, unemployment and health insurance), they tend to be less attractive to AWs (ILO 2021c).

Figure 1. Poverty headcount ratio at USD1.90 per day (2011 PPP) as a percentage of rural and urban populations in low- and middle-income MENA countries (latest data available)



Note: By using national PPP, part of these differences recorded between rural and urban poverty could be offset by a lower cost of living in rural areas. However, this difference is unlikely to fully rebalance the poverty headcount ratio.

Source: Authors' elaboration based on World Bank (n.d.).

13. See the Methodological Note for a definition of 'waged agricultural workers'.

14. AW representative from the Agricultural Workers' Union (Morocco).

15. AW representative from the Union of Trade Councils and Associations for Workers (*Kirkuk* branch).

16. Ibid.

17. Expert from ILO Egypt.

18. See the Methodological Note for a definition of 'family workers'.

The low salaries in the agriculture sector result in many people in rural areas living in poverty or below the poverty line[19] (ILO, FAO, and IUF 2007). Figure 1 shows the poverty headcount ratio at USD1.90 per person per day (at 2011 purchasing power parity—PPP) in MENA countries for which data were available. It is noteworthy that in Yemen more than 23 per cent of the rural population were living in poverty, compared to 6 per cent in urban areas, in 2014. These are the most recent comparable numbers available disaggregated by urban or rural residence, but especially in conflict-affected countries, such as Yemen, the overall poverty rate has increased since the outbreak of the conflict. The figure also shows that poverty rates for rural populations are considerably higher in all countries than for urban populations; in Mauritania, for example, the rate is almost five times higher.

Poverty is a main factor leading children to work in agriculture. The literature shows that around 60 per cent of labourer children (5–17 years old) worldwide are in the agriculture sector (ILO n.d.). In Lebanon, for example, although the Labour Code defines 14 years as the minimum employment age, many children below that age are working, and low wages are one of the main reasons for employers to hire children.

Salaries for migrants, particularly women, are especially low. A study conducted by Turkmani and Hamade (2020), which interviewed Syrian AWs in *Beqaa* and *Akkar* (both locations in Lebanon) between October and December 2018, found that the daily wage of a male worker reached LBP10,000 (USD6.60) for those working directly with a landowner, while women working with a *shaweesh* (see subsection 2.4) usually earned LBP4,000 (USD2.60) a day. An additional challenge revealed by the study is that many of these workers are children. Low salaries are also common for Syrian AWs in Jordan, where a survey found that 55 per cent of Syrian AWs earned only JOD5 (USD7) per day of work, which equates to JOD100–120 (USD141–169.20) per month. This value is below the minimum wage set by law of JOD150 (USD211.60) per month for non-Jordanians. It is noteworthy that the minimum wage in the private sector is lower for non-nationals than for national workers (JOD150 (USD211.60) and JOD220 (USD310.30), respectively) (Kattaa, Byrne, and Al-Arabiat 2018).

2.2. Irregular income

Informants from **Egypt, Morocco** and **Sudan** mentioned that **the requirement of making regular contributions to SI schemes is a major financial barrier for AWs** to contribute to SI schemes, as most of them have irregular income patterns. As exemplified by a Sudanese AW,[20] workers usually have contributory capacity during harvesting periods, but not in other seasons when the labour demand in the sector decreases. Moreover, the agriculture sector is heavily depended on climatic conditions, which affects production, income and labour demand, and thus the capacity of AWs to contribute. Regardless of these fluctuations, contributory systems usually require regular monthly contributions.

An interviewee from Egypt[21] **highlighted that this barrier is naturally more challenging for seasonal and daily wage workers.** He pointed out that most daily wage workers on small-scale farms cannot meet the frequency criteria of payments set by SI schemes, due to their irregular earnings and high labour mobility. The findings from the literature review align with this perception, identifying a mismatch between SI schemes' requirements for a regular contribution schedule and the irregular and unpredictable income of AWs (ILO and FAO 2021; Allieu and Ocampo 2019; Sato 2021). The irregularity of income in the sector is often linked to the following factors:

- **Seasonality of production and agricultural employment:** Agricultural activity, particularly subsistence agriculture and when traditional methods are applied such as in the case of many LMICs in the MENA region, is characterised by production cycles that take time to produce results and lead to profits (ILO and FAO 2021).

19. The poverty line refers to an income of USD1.90 per person per day.

20. AW representative from the *Tayba* Association for Agricultural Production (Sudan).

21. AW representative from the *Fayoum* Agro Organic Development Association (Egypt).

Fishers are also subject to seasonality, as some governments have banned fishing for a certain period of the year due to biological processes (e.g. spawning season). If not adequately compensated (e.g. unemployment benefits), this can cause income irregularities. The seasonality of production makes producers rely for a long time (e.g. one entire production cycle) on the income produced during a few months (e.g. selling the production or working during periods of high labour demand such as harvesting), which makes regular monthly contributions impossible for most producers and AWs (ibid.).

- **Covariate shocks:** Livestock epidemic outbreaks, prolonged droughts, floods and other climatic events can affect production and labour demand, contributing to increasing the uncertainty and irregularity of producers' and workers' income (ibid.). These shocks are becoming increasingly more common, as climate change has been aggravating extreme weather conditions in the region, as well as problems such as water availability, which directly impacts agricultural production (Waha et al. 2017) drought and aridity conditions under climate change. A synthesis of peer-reviewed literature from 2010 to date and own modeling work on biophysical impacts of climate change on selected sectors shows that the region is highly affected by present and future climate change. These biophysical impacts paired with other pressures and a lack of resilience in some countries cause high vulnerabilities within these sectors and for social dimensions in the MENA region. The agricultural sector, of which 70 percent is rain-fed, is highly exposed to changing climatic conditions. This is of critical importance as the agriculture sector is the largest employer in many Arab countries and contributes significantly to national economies. Impacts will be high in a 2 °C world, as, e.g., annual water discharge, already critically low, is projected to drop by another 15–45% (75% in a 4 °C world).

The irregular and largely unpredictable nature of the agricultural cycle reduces the capacity of AWs and employers to make smooth contributions not only over the year but also across the years. In years characterised by good yields, SI contributions may be affordable, but in years characterised by limited production (including due to covariate shocks), they may become hard to pay. This represents a considerable challenge for SI schemes to observe and measure the income of AWs and employers in a way that can be used as a basis to determine affordability or the capacity to pay contributions. As a solution, some countries are resorting to proxies such as land size or sales contracts as the basis for calculating contributions, as discussed in the following chapter.

2.3. Lack of awareness, financial literacy and financial inclusion

Interviewees from **Egypt, Iraq and Sudan** highlighted that the **lack of awareness of the benefits of SI schemes and the lack of financial literacy** are other major barriers to expanding SI for AWs. They mentioned that AWs are often unaware of the importance of SI benefits and how they can help people cope with health and life-cycle risks. According to a member of a union for AWs in **Iraq**,[22] farmers in remote areas are particularly affected by this challenge, due to a lack of awareness campaigns about their rights and the potential of SI schemes to protect them. A government representative from **Egypt**[23] also mentioned that a field study conducted by the Ministry of Social Solidarity found that the lack of awareness of SI schemes was one of the main reasons why AWs are excluded from contributory schemes in the country.

22. AW representative from the Syndicate of Engineering Professions (Iraq).

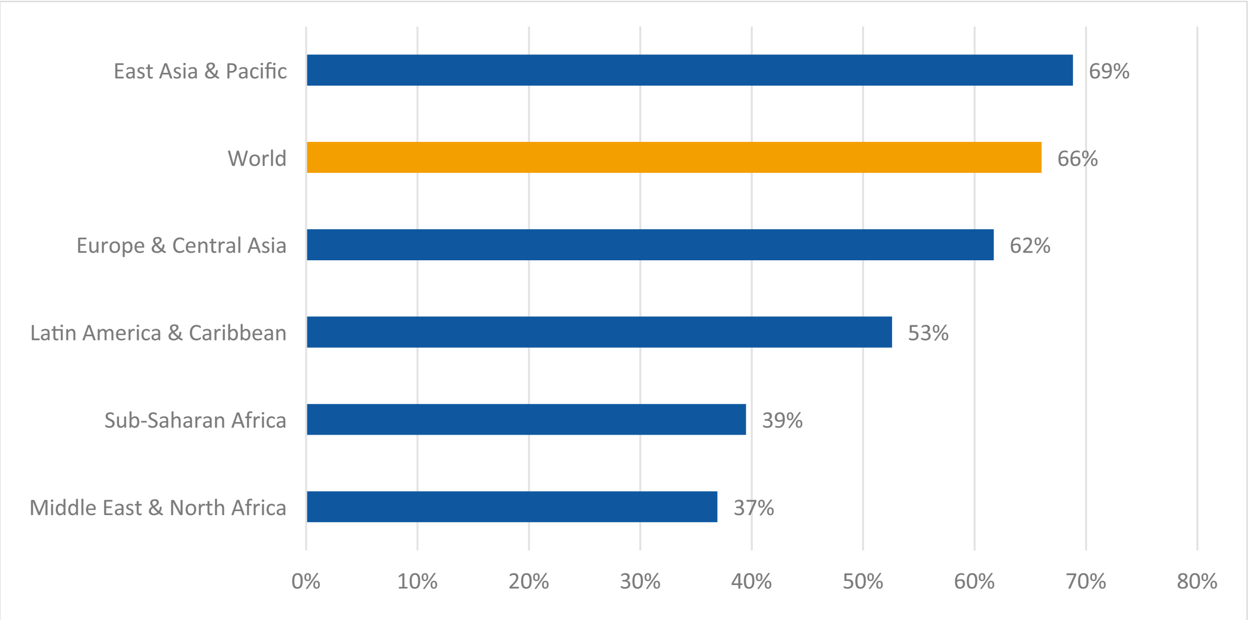
23. AW representative from the Ministry of Social Solidarity (Egypt).

Even when AWs have enough financial capacity to contribute and have access to SI providers' offices, they often refrain from enrolling because they lack awareness and knowledge about the value of SI benefits.[24] For instance, according to a **Sudanese** interviewee, most AWs prioritise spending money on better agricultural inputs, as opposed to paying a relatively small contribution to SI schemes, due to a lack of awareness of the long-term benefits of insurance. This 'preference' needs to be considered within a context of AWs' limited income, as they tend to spend the largest share of their income on essentials such as food, leaving a small proportion for other expenditures, including SI contributions (Rapsomanikis 2015).

The intertemporal choices related to SI—i.e. paying contributions in the present to receive uncertain benefits in the future—is further aggravated by the **lack of trust in institutions** to guarantee access to these benefits in the future in a region that is marked by conflict, political instability and a lack of political participation—factors that undermine the reserves of social capital (Sowers, Vengosh, and Weinthal 2011).

Other studies on SI and microinsurance schemes in lower-income countries show that financial literacy[25] **and attitudes towards insurance benefits** (e.g. risk aversion, associating insurance with bad luck) **are fundamental elements that influence enrolment in schemes** (Xu and Zia 2012; Tran and Yun 2004; Cohen and Young 2007; Giné et al. 2010). Financial literacy is key to allowing people to make well-informed economic decisions, particularly when facing intertemporal choices such as in the case of SI schemes. It can enable people to estimate their benefits in the future, the time of contribution and value of money, and understand annuitisation and actuarial reports, among others.

Figure 2. Percentage of the rural population that have an account at a bank or other financial institution, regional averages excluding high-income countries, and world average (2017)



Source: Authors' elaboration based on 2017 Global Findex database (World Bank 2018).

24. Along with demographic and socio-economic factors such as financial literacy levels, behavioural aspects also play an important role in influencing the demand for social insurance. See Merouani, Hammouda, and Moudden (2016) for a study on the effects of behavioural factors on the demand for SI in Algeria.

25. Financial literacy can be understood as a "combination of awareness, knowledge, skill, attitude, and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing" (OECD 2009, 3).

Financial inclusion and financial literacy have a bidirectional relationship: more financial literacy tends to increase financial inclusion, while more financial inclusion (e.g. access to credit, bank accounts etc.) increases financial literacy (UAB 2017). In the Arab countries, a survey[26] found that the average financial literacy rate is below the global average.[27] Factors such as the low incomes in rural areas and lower access to education tend to decrease the level of financial literacy in rural areas.

Considering this bidirectional relationship between financial literacy and inclusion, the lack of access of rural populations in the MENA region to financial services tends to aggravate the challenge of financial illiteracy. Excluding high-income countries, only 37 per cent of the rural population in the MENA region have a bank or financial account, according to data available in the 2017 Global Findex database (World Bank 2018). This is the lowest regional average in the world, as Figure 2 shows. Figures available in this database also indicate that rural populations in MENA have limited access to formal credit: only 9 per cent of the rural population in the region borrowed from a financial institution or used a credit card in 2017, compared to a global average of 19 per cent (ibid.).

The literature also points out that MENA countries still lack national strategies and national diagnostic tools such as national surveys informing the level of financial literacy and inclusion of rural populations and AWs (World Bank 2015). The 2014 Financial Capability and Inclusion Survey in Morocco is an exception and shed light on the great disparities in access to financial services between men and women, and people living in urban and rural locations[28] (World Bank 2014). This highlights the limited financial inclusion and financial literacy in rural areas of the MENA region. In addition to the lack of awareness of the benefits of SI, these factors impose challenges to the expansion of SI schemes for AWs.

2.4. Challenges of enforcing employers' contributions

Representatives from **Algeria, Egypt, Iraq, Lebanon, Morocco and OPT** mentioned that **enforcing employers' compliance with their obligation to pay their share of contributions** is one of the greatest challenges to expanding SI for waged AWs, who are the most vulnerable workers in the sector. SI schemes typically entail a responsibility for both employees and employers to pay contributions (sometimes complemented by government subsidies). However, interviewees pointed out that factors such as the high contribution rates required of employers, the lack of a single, stable employer, the lack of inspection and, more generally, the weak labour protection and enforcement systems in remote areas[29] lead to the exclusion of AWs.

Experts from Algeria[30] and Egypt[31] mentioned that the employers face affordability issues to pay their contributions. The first mentioned that employers usually consider their contribution rates too high. The latter mentioned that Egyptian law differentiates between employers and employees in the agriculture sector according to the amount of land they own. Those who own more than 2 acres are considered employers, and those who own less

26. A comprehensive global survey on financial literacy was conducted in 2014 (Standard & Poor's Ratings Services Global Financial Literacy Survey) and indicated that financial literacy rates tend to be higher in high-income countries and increase with household income level and educational attainment (UAB 2017).

27. Yemen and Somalia have some of the lowest global and regional financial literacy rates (13 per cent and 15 per cent, respectively). Other countries such as Tunisia, Kuwait and Lebanon have the highest rates (45 per cent, 44 per cent and 44 per cent, respectively) in the region (UAB 2017).

28. For example, men are 20 per cent more likely to have access to financial services than women. Moreover, 53 per cent of the adult population in urban areas stated that they use financial services, compared to 19 per cent of the adult population in rural areas. Only 10 per cent of the rural population stated that they have a bank account, and poor rural women are the most vulnerable to financial illiteracy and financial exclusion (World Bank 2014).

29. The barrier regarding a lack of inspection is discussed in the third research report in this series, which focuses on administrative barriers <https://t.ly/AlyL>.

30. AW representative from the *Union Nationale des Agronomes* (Algeria).

31. Expert from ILO Egypt.

are considered employees. The contribution imposed on the first group can be unaffordable for many landowners, particularly considering their unstable income and the effects of climate change on production. Evidence supports these perceptions, as employers' income in the agriculture sector is recognisably unpredictable (Allieu 2019; Perry et al. 2007).

Temporary, seasonal and casual[32] workers are less likely to count on the co-participation of their employers, as pointed out by an expert from Egypt[33] and AW representatives from Lebanon[34] and Morocco.[35] These workers tend to have several short-term work contracts, which favour informality and make it more difficult to trace the **financial responsibility** of employers. Evidence shows that waged AWs represent over 40 per cent of the agricultural labour force worldwide and are mostly migrants, women and children in casual, temporary and seasonal jobs. They tend to have work relationships with several employers, which can make it more difficult to identify the SI obligations of each employer. Workers with multiple employers might not be covered at all or only partially by one main employer (ILO 2016; 2021a). In the case of Morocco, for example, AWs who work fewer than 45 days per quarter for the same employer are excluded from SI, according to the legal framework (ILO 2021a). In Jordan, only employees working 16 days or more per month are mandatorily covered by SI schemes, as defined by legislation, which leads to the exclusion of most agricultural and domestic workers (Razzaz, Pellerano, and Byrne 2021).

The employment relationship between these workers and their employers is often undermined by labour contractors who act like an intermediary and are responsible for recruiting, transporting and managing waged AWs during periods of high labour demand. This dynamic contributes to the **casualisation of work** in the agriculture sector by outsourcing work and reducing employers' need for permanent employment contracts. It removes employers' responsibility to pay their part of SI contributions and tends to create insecure labour conditions (ILO, FAO, and IUF 2007).

Non-nationals are usually more vulnerable to precarious labour relations. The *shaweesh* model, existing in Lebanon and Jordan, for example, is an illustrative case of this. The *shaweesh*—i.e. agricultural intermediary—is usually a trusted person in a community of migrants who acts like an intermediary between non-national AWs and their employers. This model takes advantage of the demand for daily waged AWs and the large supply of migrants and forcibly displaced people who do not have access to work permits and rely on informal jobs. For employers, the *shaweesh* provides a cheap workforce during labour-intensive periods, while the workers receive a much-needed source of income. This model of work is based on informal work relationships, providing low salaries and no access to SI schemes. Most Syrian refugees in Jordan and Lebanon, for example, are informal workers hired through a *shaweesh* who deducts part of AWs' salaries. The interviews conducted in 2018 by Turkmani and Hamade (2020) with Syrian AWs in Lebanon revealed that a *shaweesh* used to deduct around LBP2,000 (USD1.30) of the AWs' salaries per day. During the COVID-19 pandemic, the dependency on intermediaries and cycles of debt between Syrian AWs and their *shaweesh* may have increased in MENA countries. Therefore, this model illustrates the challenge of enforcing employers' contributions within a sector that is characterised by the presence of intermediaries, widespread informality, and short-term contracts (Turkmani and Hamade 2020; Kattaa, Byrne, and Al-Arabiat 2018; Zuntz and Klema 2021; FAO and UNICEF 2019).

The *shaweesh* model also plays an important role in the high rates of child labour in the agriculture sector. According to ILO estimates, 60 per cent of child labourers (5–17 years old) are in the agriculture sector worldwide, and poverty is the main cause leading children to work in agriculture (ILO n.d.). In countries with high numbers of migrants and forcibly displaced people living in vulnerable conditions, a *shaweesh* facilitates the recruitment of vulnerable children at cheap salaries. In Lebanon, for example, FAO and UNICEF (2019) estimate that 60 per cent of child

32. Different from temporary and seasonal workers, the employer relationship for casual workers is even harder to capture, as it is established on a daily basis.

33. Expert from ILO Egypt.

34. AW representative from the Union of Agricultural Workers (Lebanon).

35. AW representative from the Agricultural Workers' Union (Morocco).

labourers work in the agriculture sector. As of 2016, 6.7 per cent of Syrian refugee children living in the country were in some form of work. In rural areas, child labour among Syrians is particularly high in the agriculture sector, recruited via a *shaweesh* (FAO and UNICEF 2019).

3. WHICH INTERVENTIONS CAN HELP TO FINANCE THE EXTENSION OF SI SCHEMES FOR AGRICULTURAL WORKERS IN MENA?

This section aims to detail some of the interventions adopted by MENA countries and other LMICs to address the barriers to financing SI for AWs that were identified in the previous session. It is relevant to note that, despite this classification, one intervention can address more than one financial challenge (e.g. deducting SI contributions when agricultural production is sold addresses barriers related to enforcing employers' liability and irregularity of income).

From the outset it is important to consider that these interventions should be implemented in tandem with other policies to guarantee adequate salaries for AWs, such as strengthening the mechanisms for wage protection, and enhancing inspection and compliance with the minimum wage policy in agricultural enterprises.

3.1. Assessing contributory capacities and subsidising contributions

According to the Social Security (Minimum Standards) Convention, 1952 (No. 102), the level of contributions to SI should consider the economic situation of the insured person and the classes of persons protected, and avoid hardship for those with low income. Moreover, Article 71 states that "the total of the insurance contributions borne by the employees protected shall not exceed 50 per cent of the total of the financial resources allocated to the protection of employees and their wives and children" (ILO n.d.).

Therefore, the first step to overcome the barriers imposed by low contributory capacity consists of **estimating the contributory capacity** of different categories of AW. Contribution rates are usually calculated as a proportion of salaries received by workers. However, this mechanism may not be efficient for some workers in the informal sector, and particularly AWs, who have unstable income rather than a fixed salary (ILO 2021a). In this sense, feasibility studies and surveys should analyse the income level and characteristics of AWs in each country, as well as their willingness to contribute, and calculate how much of their income could be invested in contributory schemes, conforming with the principles of ILO Convention No. 102. A detailed picture of the risks and contributory capacity of different categories of workers in the agriculture sector allows policymakers to better plan which types of intervention are necessary to protect these workers (ILO 2021a).

Some recommendations for assessing and estimating the contributory capacity of informal workers, and particularly AWs, include the following:[36]

- Taking the heterogeneity of AWs into account: estimates of contributory capacity must consider, for example, the different types of employment (e.g. seasonal, temporary, self-employed, regular employment etc.); gender; age groups; geographical location; agriculture sector (e.g. fishers, farmers, herders etc.).
- The assessment of contributory capacity should pay special attention to the regularity of earnings received by AWs over time and develop adequate payment mechanisms adapted to the perceived patterns of specific groups (e.g. weekly or quarterly contributions, contribution periods matching the harvest season etc.).

36. Based on ILO (2021a).

- Reliable data on households' salaries, consumption and expenditure levels, particularly for workers in the agriculture sector and rural households, are necessary, including data disaggregated by sex and age.

- The national or regional minimum wages (including minimum wages in the agriculture sector), national poverty lines and similar benchmarks should be considered to assess the contributory capacity of AWs.

- In countries where reliable data are unavailable for AWs and specific groups (e.g. self-employed AWs), tailored surveys and estimates are necessary.

- Assessments should be conducted with the participation of stakeholders and social partners to understand the nuances of specific situations of AWs and their different contributory capacities. Participatory processes are also key to increasing the awareness of AWs and their willingness to participate in contributory schemes.

- Actuarial assessments and the financial sustainability of schemes should be considered when setting contribution rates, particularly in cases when a limited contributory capacity is identified, and contribution subsidies are necessary.

Box 1 details the cases of **Zambia and Colombia**. In the former, a study investigated the contributory capacity of small-scale farmers and other categories of informal workers, while the latter represents an alternative that is flexible to the income fluctuation of AWs (see also Box 4 for other cases of flexible contributions).

Interviewed AWs from Iraq,[37] Lebanon,[38] Morocco,[39] Sudan,[40] Algeria[41] and Egypt[42] indicated that contribution subsidies are the main tool used to respond to the challenges created by low contributory capacities of AWs in the region. Evidence shows that governments worldwide can subsidise SI contributions (totally or partially) to cover low-income informal AWs who otherwise are financially unable to pay or do not have enough incentive to join the scheme (UNDP 2021; 2011). Moreover, a certain degree of redistribution in design can be built within the SI system, even without the participation of governments as a financing party, such as in-built mechanisms that allow lower contributions for certain groups and makes up revenue from other groups.

Several targeting strategies are possible to direct contribution subsidies to the most vulnerable employees and employers, such as considering workers' income, and household poverty status. Here it is important to minimise the challenges of means-testing, and in particular proxy means-testing, especially the need for detailed and accurate information, social stigma and perverse incentives, and exclusion errors, among others (Garnham 2019). It is also key to avoid linking eligibility to the contribution subsidy with the informal status of workers or enterprises, which may result in a perverse incentive that prevents formalisation.

Other criteria such as the number of employees or farms' land size can also be used as a proxy for affordability (ILO 2021b). There are multiple strategies that governments can use to subsidise SI schemes for low-income workers,[43] including:

37. Syndicate of Engineering Professions (Iraq).

38. Committee of Employee Women Union and Agricultural Workers' Union (Lebanon).

39. Agricultural Workers' Union (Morocco).

40. Small-scale farmer (Sudan).

41. *Union Nationale des Agronomes* (Algeria).

42. Ministry of Social Solidarity (Egypt).

43. Based on the references gathered by Barca and Alfers (2021).

- reducing or removing contributions with implicit subsidies, varying according to income levels (e.g. for households living below the poverty line, governments can fully subsidise contributions to essential health insurance components), bearing in mind the limitations of means-testing mentioned above;

- reducing or removing contributions with implicit subsidies, varying according to workers' characteristics (employment arrangements or wage levels), enterprise characteristics (e.g. size) or by agricultural sector (crop, livestock, fisheries and forestry); and

- cross-subsidisation (contributors from other sectors subsidise the benefits of certain categories of low-income workers). Integrated SI schemes in which different categories of workers are under the same scheme/contribute to the same fund allow for cross-subsidisation and contribute to the solidarity characteristic of SI schemes.

Box 1. Zambia and Colombia: Assessing and adapting to the contributory capacities

Zambia: An assessment of the contributory capacity of informal workers
Aiming to increase the coverage of SI schemes for informal workers, the Government of Zambia, in partnership with the ILO, conducted a study to investigate the willingness and contributory capacity of informal workers to contribute to SI schemes. Researchers conducted a survey asking workers about their willingness to pay a hypothetical level of contributions based on average incomes and contribution rates. Three categories of informal workers were surveyed: small-scale farmers, casual sawmill workers and domestic workers. For the first group, a contribution rate of 5 per cent of average income was suggested to guarantee access to social health insurance. A total of 88 per cent of the surveyed farmers confirmed that they were willing to pay this contribution (ILO 2021a).

This feasibility study and other analyses were fundamental steps to extend SI for farmers in Zambia. In 2019, Statutory Instrument No. 72 was adopted, allowing workers in the informal economy to enrol in pension schemes. The scheme has a low contribution rate and does not depend on employer contributions. The insured worker must pay 5 per cent of their basic earnings (this amount is adjusted every year based on national average earnings), with a minimum monthly contribution of USD3.[44] Besides guaranteeing low contribution rates, the scheme is also adapted to the farmers' irregular earnings, allowing upfront payments, and they can pay their contributions by mobile phone, reducing administrative constraints[45] (Miti et al. 2021).

Colombia: Flexibility to assess income and adaptations according to the contributory capacity of AWs
In Colombia, many decrees have adapted the SI scheme for AWs. Two main adaptations are worth highlighting: first, Colombia adopted regulatory modifications to Law No. 100, of 1993, and Law No. 797, of 2003, which established the framework guidelines for the national social security system and its subsystems. These regulatory modifications aimed to allow independent workers to declare their income throughout the year, rather than just at the beginning of the year, as they used to. This adaptation made the system more sensitive to the income fluctuations that are characteristic of the agriculture sector. Second, self-employed workers were allowed to temporarily opt out of pension insurance if they lacked contributory capacity, with the possibility of continuing to contribute to the health insurance scheme. This flexibility allowed workers to access at least one of the two mandatory insurance schemes (health and pensions), without being totally excluded from the system (ILO 2021a; Durán-Valverde et al. 2013).

44. Since 2019 the scheme has been adjusted annually based on national average earnings.

45. See the third research report in this series for more administrative constraints <https://t.ly/AlyL>.

Box 2. Egypt, Morocco, Tunisia and Jordan: Different approaches to subsidies for AWs in the MENA region

Egypt: Matching co-contributions for informal AWs

In 2019, Egypt reformed its Social Insurance and Pension Law (issued by Law No. 148 of 2019), extending SI coverage to informal workers. In the agriculture sector, the Law covers temporary AWs and farmers, as well as small owners of agricultural land. To make contributions affordable for these groups, a protocol ratified between the National Social Insurance Agency and the Ministry of Labour stipulated that the government would support these workers by subsidising their contributions to SI schemes. The government will pay the equivalent of the employer's share (12 per cent of the minimum income (EGP1,200/USD76.4)), leaving 9 per cent only to be paid by the AW (Noor 2020).

Morocco: Cross-subsidising contributions of small-scale fishers

In Morocco, coverage of the *Caisse nationale de sécurité sociale* (National Social Security Fund) has been expanded to self-employed small-scale fishers since 2012. The country established several mechanisms to ensure the registration of these workers, reaching 95 per cent of all small-scale fishers registered for SI. One of the fundamental aspects of ensuring this registration consisted of establishing a cross-subsidisation policy. It helped to guarantee the affordability of contributions for fishers, and made the scheme very attractive, as fishers are the only category of workers who receive more from the SI than their contributions (FAO 2019b). Other important elements of the Moroccan strategy consisted of linking fishing licences with SI registration and facilitating the collection of contributions (read more about these interventions in the third research report in this series).

Tunisia: An integrated SI scheme as a way to facilitate cross-subsidisation

Contributory benefits for workers in the private sector in Tunisia are implemented by the *Caisse nationale de sécurité sociale* (CNSS). During the 1980s and 1990s, CNSS coverage was expanded to previously uncovered groups, including specific schemes for AWs (1981), self-employed workers in the agriculture sector (1982), and groups with low revenues (2002). Although these groups have different levels of contributions and levels of access to SI benefits, by establishing these multiple variations under a single fund, Tunisia facilitated cross-subsidisation. Substantial integration was also achieved by basing pension eligibility on the total number of years that workers have contributed to any of the schemes, facilitating labour mobility. Keeping different 'entry points' allowed the system to count on different contribution rates: when agricultural employees were included, for example, they paid much lower contribution rates than non-agricultural employees (4.4 per cent for employees and 2.05 per cent for employers in the agriculture sector, compared to 17.5 per cent and 6.25 per cent, respectively, in non-agricultural sectors). Nevertheless, these lower contribution rates also resulted in lower access to benefits, as AWs under this scheme did not have access to family and survivors' benefits (UNESCWA 2019).

Jordan: International cooperation to implement a phased approach to contribution subsidies

Estidama++ is a pilot programme being implemented by the ILO in partnership with the Social Security Corporation in Jordan from February 2022 to July 2023. The programme aims to extend SI for vulnerable workers in the country, including Jordanian and non-Jordanian informal workers, by providing them with short-term income support (three one-off payments) and subsidising SI contributions for a period of 18 months, gradually phasing out the percentage of subsidies. Workers in the agriculture sector are one of the priority groups of the programme (ILO 2021d). Estimates show that 97 per cent of them are not covered by SI schemes, and almost 50 per cent are living in poverty (Razzaz, Pellerano, and Byrne 2021). A regulation to the Labour Law of 2021 provides the legal framework to make SI coverage mandatory for AWs. Therefore, *Estidama++* aims to provide the necessary support for the inclusion of these workers, subsidising the contributions of at least 13,000 workers during the 18 months of the programme. The learning generated by the programme can help the Social Security Corporation create a national approach to subsidise contributions for the most vulnerable workers and promote formalisation in the long term (ILO 2021d).

Box 2 shows several approaches to contribution subsidies in the MENA region. The case of **Egypt** shows how States can match co-contributions, while **Morocco** and **Tunisia** provide an example of cross-subdisation. In **Jordan**, a programme between the ILO and the Social Security Corporation shows how to establish a subsidy based on a temporary subsidy approach, and how national governments and international organisations can cooperate to promote the formalisation of AWs. Besides subsidies, another relevant approach that can reduce contribution rates and facilitate the payment of benefits consists of **monotax systems**—i.e. unifying SI and tax contributions (see the case of Uruguay in Box 1 of the third research report in this series).[46]

Specific interventions to extend SI to self-employed workers such as subsistence farmers are also needed. For this group, it is necessary to move beyond the 'employment relationships' on which contributory schemes are usually based (Barca and Alfers 2021). **Reforming legislation to include self-employed workers, classifying them in different income brackets according to their contributory capacity, charging reduced contribution rates, and providing subsidies to the most vulnerable workers** are possible solutions. In **Tunisia**, for example, self-employed workers were allowed to contribute to SI according to a system that divides them into different income brackets.

A similar approach is used in **Costa Rica**, which also provides contribution subsidies to complement self-employed workers' contributions. In **Jordan**, a reduced contribution rate to access short-term benefits and a flexible scheme to access old-age pensions are in place. These cases are detailed in Box 3.

Box 3. Tunisia, Costa Rica and Jordan: Adapting SI to self-employed workers

Tunisia: Classifying self-employed workers in different income brackets
Self-employed workers have statutory coverage by SI schemes in Tunisia. They are divided into 10 income brackets, depending on their occupational group (artisans, architects etc.) and the size of farms or firms. For AWs and producers, the value of contributions is calculated according to the minimum agricultural wage and the corresponding income bracket. To incentivise higher contributions, the system allows self-employed workers to contribute based on a higher income bracket. Although the existence of this scheme can be seen as an example of good practice to include farmers, in practice it still excludes the most vulnerable workers in the agriculture sector, particularly seasonal AWs who work fewer than 45 days per quarter for the same employer, which is the requirement for inclusion in SI schemes, as defined by law (ILO 2021a).

Costa Rica: Income brackets and contribution subsidies for self-employed workers
Like the Tunisian case, Costa Rica uses different income brackets to define contributory categories for self-employed workers. They are divided into five different categories based on income reported by tax statements, proof of income and expenses for the previous six months, and other administrative registries (ILO 2021a; PAHO and CISSCAD 2020). Contributions vary according to the income category in which they are classified, ranging from 3.67 per cent to 7.93 per cent of gross monthly covered declared earnings. The State also provides subsidies that can vary from 0.99 per cent to 4.95 per cent and are inversely proportional to the declared earnings of the five income categories (SSA 2019). Additionally, the SI scheme in Costa Rica has a non-contributory element to cover poor families. The State finances their contributions through financial resources from the Social Development and Family Allowance Fund (*Fondo de Desarrollo Social y Asignaciones Familiares*) and taxes on the electronic lottery and sales of tobacco and alcoholic beverages. As of 2015, 65 per cent of workers in the sectors of agriculture, commerce, real estate activities and food services were covered by the SI scheme (PAHO and CISSCAD 2020).

Jordan: Reduced contribution rates for self-employed workers
In 2020, the Social Security Corporation modified Regulation No. 108 to expand mandatory SI coverage for self-employed workers, including those in the agriculture sector.[47] The regulation applies to specific categories of Jordanian and non-Jordanian workers with flexible work permits (not tied to a specific employer). To ensure the affordability of this scheme, a reduced contribution rate was established: self-employed workers must pay 5.25 per cent of their monthly wage to access short-term benefits. To access long-term benefits (i.e. old-age pensions), they can choose between five contribution levels (Stave, Kebede, and Kattaa 2021; Razzaz, Pellerano, and Byrne 2021).

46. See: <https://t.ly/AlyL>.

47. The regulation was issued in 2020 and has been implemented since July 2021.

3.2. Allowing flexible contributions

SI schemes traditionally require a monthly contribution from workers and employers, leading to the exclusion of AWs whose income flows are seasonal and/or unpredictable. To address this barrier, some countries have been **allowing some categories of workers to make flexible contributions during periods of the year when their income is concentrated** (Barca and Alfers 2021). For small-scale farmers, for example, contributions could be adapted to allow for advance contributions during harvest and sale periods (Pellerano and Phe Goursat 2016).

Allowing flexible contributions was also mentioned as an important incentive by interviewees from **Iraq**,[48] **Lebanon**,[49] **Sudan**[50] and **Egypt**.[51] The Iraqi and Sudanese representatives highlighted that the harvest period is the ideal time to make contributions, as AWs and farmers have higher incomes. Box 4 shows the new efforts of **Egypt** to adopt flexible contributions for farmers, as well as the case of **Argentina**, where contributions are paid by employers when their production is sold. Also see Box 1 (above) for the case of **Colombia**.

Box 4. Egypt and Argentina: Flexible contributions

Egypt: 'Your Pension in Your Hands' programme

Egypt is planning to create a complementary SI scheme for farmers to adapt the contributory system to their specific needs, including by making contributions more flexible. The programme 'Your Pension in Your Hands' will allow farmers to determine when to pay their contributions and when to register in the system. By the end of 2021, a pilot of this programme was announced to start in three governorates (Qena, Fayoum and Menoufia). Under this scheme, the insurance premium can be determined every month or every semester, adding flexibility to the contributory system. Farmers would be entitled to receive disability, old-age and death insurance benefits. To incentivise contributions, the pension benefit received by beneficiaries will increase according to the time of contribution and value of contributions paid over the years (Egypt Five 2021).

Argentina: Trade union–employer agreements

Since 2008, Argentina has been applying agreements between trade unions and employers (*Convenios de Corresponsabilidad Gremial*—GCC) as a strategy to promote formalisation and increase SI coverage for AWs. The GCC are voluntary agreements signed between AW cooperatives and entities that represent agricultural producers, aiming to facilitate access to SI schemes by allowing flexible contributions. One of the greatest innovations of this system consisted of replacing regular monthly contributions with a 'substitutive tax' (*tarifa substitutiva*) that is deducted from the producers' sales. It provides an incentive for employers, as the SI contributions are made at the stage of the production process when their income is highest. Moreover, the tax is calculated based on criteria such as the productivity and performance of sales, and wage values of the sector. This scheme allows AWs to access health insurance, pensions, death, work injury and unemployment benefits. Up to 2016, a total of 14 GCCs had been signed, benefiting around 63,000 AWs (ILO 2017).

48. Union for Agricultural Engineers in Kurdistan and General Federation of Iraqi Trade Unions (Iraq).

49. Agricultural Workers' Union (Lebanon).

50. Tayba Association for Agricultural Production (Sudan).

51. Ministry of Social Solidarity (Egypt).

3.3. Promoting awareness and financial inclusion

Financial inclusion consists of ensuring that everyone who needs financial services knows how to access and manage them. In practical terms this means access to credit, bank accounts, deposits, payments, insurance and pensions, among other related services. Interviewees from **Iraq**,[52] **Sudan**[53] and **Egypt**[54] mentioned **that awareness-raising campaigns and financial inclusion** are some of the most needed incentives to extend SI for AWs. They all mentioned the importance of increasing financial literacy among rural people, and workers' ability to deal with banks and markets and understand the importance of SI benefits.

Box 5. Morocco, Jordan and OPT: Promoting financial literacy and financial inclusion

Morocco: Moroccan Foundation for Financial Education
In 2014, the Moroccan Foundation for Financial Education (FMEF) created a national financial education strategy, being the first of its scope in the Arab region. In partnership with other institutions, FMEF prepared and implemented training programmes on financial literacy, conducted information campaigns though different channels (e.g. the Internet, social networks, mass media) and prepared special training material for youth and children. In partnership with *Crédit Agricole*, FMEF developed a specific pilot programme targeting smallholder farmers, based on the specific demands for financial literacy of this population that were indicated in a survey. A total of 1,046 farmers participated in the pilot phase of the programme, which is expected to reach more than 10,000 farmers in later phases (Arab Monetary Fund et al. 2017).

Jordan: National Financial and Social Education Programme
In 2015, the Central Bank of Jordan launched the National Financial and Social Education Programme (NFSEP), aimed at promoting financial inclusion and awareness, capacitating beneficiaries with money management, savings and other basic financial tools (ibid.). Women and rural communities are among the target groups for this programme. The NFSEP provided specialised trainings to these communities, according to their needs, aiming to improve sustainable investments and families' income resources (Attia and Engelhardt 2016).

OPT: Arab Organization for Agricultural Development
The Arab Organization for Agricultural Development (ACAD) is a microfinance non-governmental organisation that has been supporting Palestinian AWs and producers since 1993. ACAD provides several financial products and business support to agricultural producers. In 2007, for example, responding to the region's salary freeze, ACAD provided loans to rural women to protect their livelihoods and their families. ACAD also works in partnership with agricultural cooperatives to promote financial literacy among their members, providing extension services, technical support, training, and free information about agricultural best practices and market prices. ACAD staff make regular visits to farmers, providing all these services *in locus* (ibid.).

Several approaches can contribute to minimise the behavioural barriers that prevent workers from enrolling in and contributing to SI schemes. Some of these are related to topics discussed above. For example, considering the effects of monetary risk aversion, reducing the contribution rate of SI makes

52. AW representative from the Syndicate of Engineering Professions and Union for Agricultural Engineers in Kurdistan (Iraq).

53. AW representative from the Tayba Association for Agricultural Production and a small-scale farmer (Sudan).

54. AW representative from the Edi fi Edk' Association and Fayoum Agro Organic Development Association (Egypt).

schemes more attractive to people not willing to pay much for insurance. The discontinuing effects of SI over time also can be counterbalanced by including short-term benefits (e.g. family allowances, unemployment benefits, parental leave) in the schemes' package of benefits (Merouani, Hammouda, and Moudden 2016).

Different actors such as government institutions, banks, the private sector and non- governmental organisations have been implementing awareness-raising campaigns to promote financial inclusion and increase financial literacy among AWs in the Arab region. Box 5 summarises the examples from **Jordan, Morocco** and **OPT**.

3.4. Adopting alternative criteria to calculate employers' contribution

The design of SI schemes usually relies on employers paying regular contributions on behalf of their individual workers. Some countries adapted their contributory schemes by adopting tailored approaches for seasonal workers, whether employees or self-employed. Three main approaches for employers to pay contributions to SI schemes are:

- **Individual contributions:** Employers must register their employees individually with SI authorities and pay the contribution on behalf of the employees or it can be deducted from employees' salary.
- **Criterion/industry-based contributions:** Employers must pay into a social security fund based on predefined criteria, such as number of employees or land size (see the case of Lebanon in Box 5 and Argentina in Box 4). The payment can be made directly to the scheme or indirectly through industry associations.
- **'Value chain contributions':** Recent developments also suggest the possibility of redefining the notion of social contributions by collecting contributions from enterprises that are not direct employers, but which profit from the work of informal workers (e.g. adding a levy to commercial relationships such as selling the harvest or the value of a construction project, dedicated to pay the contributions of workers involved in production—see the case of India in Box 6).

The individual contributions approach is the common approach used by employers in the formal sector in which workers have formal written contracts. However, in situations of **seasonal or short-term work and high turnover among workforces**, this approach might not be feasible. In these cases, **contributions based on work criteria and the agricultural value chain can be a solution**. In this case, employers will not be obliged to register each worker individually (RNSF 2017), but there needs to be an effective registration mechanism for workers to ensure that they can access the benefits if and when needed. Moreover, a key challenge consists of how to link industry-wide fees which do not require individual registration with individual benefits related to earnings (e.g. pensions, or benefits expressed as a percentage of the worker's salary) (ILO 2021a).

Box 6 shows the case of **Lebanon**, where a proposed new law aimed at expanding SI for AWs could open up the possibility of criterion-based contributions, and the case of **India**, where work injury insurance for construction workers is financed by linking contributions to the total value of construction projects. Additionally, the case of **Argentina** (see Box 4) also offers an example of a scheme that deducts employers' contribution from the value of their sales.

Box 6. Lebanon and India: Alternative basis for calculating employers' contribution

Lebanon: Contributions based on land size and sales of production
In Lebanon, a proposed new law that aims to expand SI for AWs is under discussion. This law considers the affordability limitations faced by AWs and the challenges of enforcing employers' contribution. To address these barriers, the law proposes several financing sources for contributions, including criterion-based contributions such as:

- **The size of land:** The National Social Security Fund's administrative board can impose a tax proportional to producers' land surface area, which can be used to cover daily AWs who work for more than one employer (section 6 of the proposed law).

- **The sale of production:** Farmer and fisher cooperatives can deduct from wholesalers and retailers an amount of 3 per cent of the price of the products available in the wholesale market and retail shops for the benefit of the National Social Security Fund (articles 8 and 9 of the proposed law) (see also Box 4, which details the case of Argentina, where a similar approach was adopted).

If well executed, including incentives for employers to report the correct number of employees they employ, for example, these two strategies can enforce producers' contribution to finance SI benefits for workers not engaged in a standard employment relationship.

India: Financing work injury compensations for construction workers by linking contributions to the total value of construction projects
In India, the Building and Other Construction Workers' Welfare Cess Act (1996) extended construction workers' access to SI benefits in case of work accidents and coverage of medical expenses related to illness or injuries in most states of the country. This expansion is mainly financed by a levy of 1–2 per cent of the total value of construction projects, in addition to workers' contributions (a flat rate). By linking the bulk of the funding of the scheme to the total value of the construction project (paid by the main contractor) rather than to the earnings of individual workers, this scheme covers all workers involved in the construction project. As an important advantage, this adaptation allowed the inclusion of workers employed by subcontractors and with short-term contracts in the scheme. In some states of India, it has achieved coverage rates of 70–99 per cent of construction workers (ILO 2021a).

4. MAIN TAKEAWAYS

This research report aimed to understand the main financial barriers faced by AWs to access SI schemes in the MENA region, and to provide examples of how governments in MENA countries and other LMICs can adapt their contributory schemes to expand coverage. It is important to remember that this report considered a broader definition of AWs. The agriculture sector, however, consists of a range of subsectors with different forms of employment and particular needs. The specific needs of plantation workers, for example, might be different from individual farmers who are self-employed, their contributing family members or artisanal fishers. These specific characteristics should be taken into account by policymakers when developing strategies to expand contributory systems in their country. Table 1 summarises the main takeaways regarding the financial barriers and possible solutions to address them.

Overall, this report pointed out that some of the main financial barriers to expanding SI are related to the lack of proper adaptation of contributory systems to the income characteristics of AWs (e.g. low salaries, irregular income, non-cash payment) and work relationships in the agriculture sector (e.g. self-employed workers, short-term contracts). Even in countries with inclusive legal frameworks that allow the participation of AWs in SI schemes, these financial barriers keep preventing these workers from accessing their right to social protection.

The report also recognises experiences in LMICs around the globe, including in MENA countries, that aim to implement these needed adaptations and overcome these financial barriers (see Table 1). It is important to highlight that these interventions should be implemented along with other policies such as strengthening the mechanisms for wage protection and enhancing enforcement of/compliance with the minimum wage policy in agricultural enterprises, to guarantee adequate salaries and livelihoods for AWs.

Table 1. Main takeaways

Main barriers	Possible solutions
Affordability: SI contributions are unaffordable for many AWs, as they generally receive low and seasonal wages, in most cases below the minimum wage, or receive in-kind payments. Producers, as self-employed workers, also have uncertain incomes and have to face the 'double contribution' challenge.	Efforts to measure the contribution capacity of AWs and producers are necessary to guarantee adequate contribution rates that conform to ILO Convention No. 102 guidelines. Different approaches to contribution subsidies can also be considered to expand SI for the most vulnerable producers and AWs. Country examples: Zambia (assessment of contributory capacities), Colombia (flexible contributions), Egypt, Morocco, Tunisia and Jordan (contributory subsidies), Tunisia, Costa Rica and Jordan (income brackets and subsidies for self-employed workers)
Irregular income: AWs' and producers' income is irregular due to factors such as the seasonality of production, interruptions to agricultural employment and covariate risks.	Allowing flexible contributions—for example, by allowing upfront payments during harvesting periods or deducting SI contributions from the sales of agricultural products—can overcome the requirement of SI schemes for regular monthly contributions. Country examples: Egypt and Argentina
Enforcing employers' contribution can be challenging due to the informal and temporary nature of most labour contracts, the lack of financial capacity of employers, and intermediaries, such as the *shaweesh* in the case of non-nationals.	To cover seasonal and temporary AWs, governments can adopt a criterion-based approach to contributions (e.g. the size of the employer's land) or the 'agricultural value chain'. To cover self-employed workers, allowing their classification into different income brackets, charging reduced contribution rates and providing subsidies to the most vulnerable are possible approaches. Country examples: Lebanon and India
Lack of financial literacy and financial inclusion: MENA countries have low financial literacy rates, and rural populations have limited access to financial inclusion and lack knowledge about the importance of SI schemes.	Awareness-raising campaigns and promoting financial inclusion can increase the knowledge of AWs about the importance of SI schemes, and enhance trust in the system and their willingness to contribute to these schemes. These campaigns and financial services should be specially designed to meet the needs of rural families. Country examples: Morocco, Jordan, OPT

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international policy centre for inclusive growth

International Policy Centre for Inclusive Growth (IPC-IG)
SEPS 702/902, Centro Empresarial Brasília 50, Torre B — Asa Sul
70.390-025 Brasília/DF, Brazil +55 61 2105 5000

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