

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

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The second Research Report in the series “Expanding Social insurance for agricultural workers in Middle East and North Africa (MENA): identifying key constraints and discussing policy options” focused on the financial barriers to expand social insurance (SI) for agricultural workers (AWs). Research has revealed that the central financial barriers to expand SI for AWs are as follows:

- **Low contributory capacity:** SI contributions are not affordable for many AWs as they generally receive low and seasonal wages, in most cases below the minimum wage, or even in-kind payments. Small producers, such as self-employed farmers, also have uncertain incomes and often face the challenge of ‘double contribution’— i.e., they pay higher rates to cover contributions as both employer and employee.
- **Irregular income:** The incomes of AWs and producers are irregular due to factors such as seasonality, unpredictable characteristics of the agricultural cycle, interruption of agricultural employment and covariate risks (such as epidemic outbreaks among livestock, prolonged droughts, floods, and other climatic events). It is a great challenge for SI schemes to measure the income of AWs and employers in a way that can be used to determine affordability or contributory capacity.
- **Challenges to enforce employers’ contributions:** SI schemes typically entail a co-responsibility between employees and employers to pay contributions. However, interviewees pointed out that factors such as the high contribution rates required of employers, lack of a single stable employer, predominance of casual, temporary and seasonal work, lack of inspection and, more generally, weak labour protection and enforcement systems in remote areas, lead to the exclusion of AWs.
- **Lack of financial literacy and financial inclusion:** Financial literacy is key to allow people to make well-informed economic decisions, particularly when facing intertemporal choices as is the case with SI schemes. However, in Arab countries, the average financial literacy rate is below the global average. Moreover, rural populations have limited access to financial inclusion, and lack knowledge about the importance of SI schemes.

Considering these challenges, the report explores some possible interventions that could be adopted by MENA countries, illustrated with country cases:

- **Assessing contributory capacities and subsidising contributions:** It is necessary to measure the contributory capacity of AWs and producers to guarantee adequate contribution rates in conformity with ILO Convention C102.¹ Different approaches to contribution subsidies can also be considered to expand SI for the most vulnerable producers and AWs. Country cases: [Zambia](#), [Colombia](#), [Egypt](#), [Morocco](#), [Jordan](#), [Tunisia](#), and [Costa Rica](#).
- **Allowing flexible contributions:** Allowing upfront payments during harvest season, or deducting SI contributions from the sale of agricultural products, for example, can help overcome the requirement of SI schemes for regular monthly contributions. Country cases: [Egypt](#) and [Argentina](#).
- **Adopting alternative criteria to calculate employers’ contributions:** To cover seasonal and temporary AWs, governments can adopt a criteria-based contribution approach (e.g., how much land the employers own, how many people they employ, etc.), or collect contributions from those who profit from the work of informal workers even if they are not employers (e.g., adding a levy on commercial relationships such as the selling of the harvest to pay for the contributions of workers involved in production). Country cases: [Lebanon](#) and [India](#).
- **Promoting awareness-raising campaigns and promoting financial inclusion** can increase the knowledge of AWs about the importance of SI schemes, enhance trust in the system, and increase their willingness to contribute. These campaigns and financial services should be designed according to the needs of rural families. Country cases: [Morocco](#), [Jordan](#) and [Occupied Palestinian Territories](#).

Reference:

Sato, Lucas; Nicole Figueiredo; and Nourjelha Mohamed. 2022. “Financing social insurance schemes for agricultural workers in the Middle East and North Africa.” *Research Report*, No. 81. Cairo, Beirut and Brasília: Food and Agriculture Organization of the United Nations, International Labour Organization Regional Office for Arab States, and International Policy Centre for Inclusive Growth.

Note:

1. See: <https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0:NO::P12100_ILO_CODE:C102>.