

Report IV

Promotion of rural employment for poverty reduction

Fourth item on the agenda

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Chapter 1

Introduction: Why a general discussion?

1. At its 295th Session (March 2006), the Governing Body decided to place on the agenda of the 97th Session (2008) of the International Labour Conference a general discussion on the promotion of rural employment for poverty reduction. The intended outcome would comprise a stocktaking of the nature, magnitude and changing patterns of rural employment in the world, with a particular focus on developing countries; a comprehensive strategy to promote employment and decent work in rural areas around the world; and an integrated plan of action for the ILO to implement this strategy, including a conceptual framework, standard setting, technical cooperation and knowledge management.

2. It has been 20 years since the International Labour Conference undertook a general discussion on rural employment.¹ The conclusions adopted on that occasion were wide-ranging and, despite the great changes in the intervening years, the actions proposed at the national and international levels remain remarkably relevant. The call for “new development strategies at the national and international levels in which the crucial role of the rural sector is fully recognized” as well as the recognition of the need for more favourable macroeconomic conditions for the rural sector are examples of this.

3. The topic is timely. Since the Millennium Summit of the United Nations in 2000, the world community has committed itself to reducing poverty and hunger by 50 per cent before the year 2015. Halfway through this period, it is time to take account of progress achieved and of the further efforts needed to attain the Millennium Development Goals (MDGs).² Promoting decent work in rural areas is fundamental to achieving the MDGs. Three-quarters of the world’s poor live in rural areas. Most earn their living from agriculture, and in many cases, the returns they derive from their labour are insufficient to meet their basic needs. While focusing attention on the 1.2 billion people living below the US\$1 a day poverty line, that is, those living in what might be termed “extreme poverty”, efforts should also extend to improving the livelihoods of that larger group, those living on less than US\$2 a day, who make up almost half of the world’s population.

4. Globalization and urbanization have pushed forward the structural transformation of economic and social life in countries around the world in the past two decades. At the same time, the increasing concern of international institutions and the development community with regard to poverty and inequality has led to major policy responses, in particular the adoption of the MDGs and the acceptance of decent work as a global goal.

¹ ILO: *Rural employment promotion*, Report VII, International Labour Conference, 75th Session, Geneva, 1988.

² See United Nations: *The Millennium Development Goals Report* (New York, 2007).

Globalization

5. Globalization has had a far-reaching impact on the structure of the world economy, creating uneven patterns of growth in a new economic landscape. The costs and benefits of globalization are not equitably distributed either between countries or within them. For some, abundant capital, high skills levels and technological excellence have led to unprecedented opportunities to benefit from the expansion of trade, the growth of foreign direct investment and the integration of financial markets. Some developing countries have become major exporters, achieving dynamic growth by looking outward for investment and for marketing opportunities. Yet for many countries, notably the 50 least developed countries (LDCs), exclusion from the benefits of globalization remains a stubborn reality.³ World poverty has declined in aggregate in the past two decades, but most of that change has been seen in a few dynamic Asian economies, whereas stagnation or even rising poverty rates are seen elsewhere. Nor is globalization neutral with respect to the income distribution within countries, as many countries are experiencing rising inequality. One of the major challenges for public policy is to create the conditions that will enable the poor, both in urban and rural areas, to benefit from globalization instead of being bypassed by it.

Urbanization

6. Today, for the first time in human history, the majority of the world's population lives in cities. In most developed countries, with close to 80 per cent of the population now living in towns and cities, the process of urbanization is largely complete. In much of the developing world, however, a massive population shift is taking place and many cities are struggling to cope with the influx of rural migrants. Urbanization progressed at an unprecedented pace in the period 2000–05, averaging 2.7 per cent per annum in developing countries generally, but over 4 per cent in the LDCs.⁴ Most of the growth in towns and cities is occurring in Asia and Africa. In 2005, 71 per cent of the world's rural population lived in Asia; by 2030 Asia is expected to rank first in terms of total urban population, and Africa second.⁵ The economic hardship of rural life, the lack of employment opportunities and the limited prospects of working one's way out of poverty are all major "push" factors driving the process of urbanization. Tens of millions of first-generation city dwellers live in urban and peri-urban slums, swelling the ranks of the informal economy. An additional 250 to 310 million people are expected to become urban dwellers by 2015. Clearly, the employment challenges of today's burgeoning cities cannot be met without addressing the need for full and productive employment in rural areas. Much of today's urban poverty is simply yesterday's rural poverty displaced.

The Millennium Development Goals

7. The adoption of the MDGs as a global goal in 2000 marked an important turning point in UN attention to development and poverty reduction in a number of ways. It signalled unambiguously a new consensus around the multifaceted nature of poverty and the need for integrated responses. Poverty is not simply a question of income, but also of

³ World Commission on the Social Dimension of Globalization: *A fair globalization: Creating opportunities for all* (Geneva, 2004).

⁴ United Nations Department of Economic and Social Affairs (UN DESA): *World population prospects: The 2006 revision*, Population database on <http://esa.un.org/unpp/p2k0data.asp>, accessed on 30 Aug. 2007.

⁵ UN DESA: *World population prospects: The 2005 revision* (New York, 2006).

access to health care, education, potable water, improved sanitation, roads, markets and opportunities for productive employment. In all of these areas, data show that rural populations fare worse than the urban. Economic growth, while necessary, is now recognized as insufficient to reduce the gap between rich and poor, between men and women or between those in the cities and those in the countryside. Growth alone would not provide stable incomes for the poor, insure vulnerable households against livelihood risks, remove child labourers from workplaces, combat discrimination, or widen opportunities for voice and representation. Indeed, the phenomenon of jobless growth and widening income disparities in many countries has highlighted the need for pro-poor growth policies with employment at their centre. The eight MDGs and their 18 targets are seen as interrelated and mutually reinforcing in their contribution to social well-being. They represent a partnership between the developed countries and the developing countries “to create an environment, at the national and global levels alike, which is conducive to development and to the elimination of poverty”.

8. The Decent Work Agenda, with its integrated approach to rights, employment, social protection and social dialogue, is increasingly recognized as offering a complement to and an enrichment of these goals. Indeed, the 2005 World Summit of the United Nations General Assembly confirmed the importance of the Decent Work Agenda for attainment of the MDGs. Its outcome statement declared: “We strongly support fair globalization and resolve to make the goals of full and productive employment and decent work for all, including women and young people, a central objective of our relevant national and international policies as well as our national development strategies, including poverty reduction strategies, as part of our efforts to achieve the Millennium Development Goals.”⁶ In May 2006, the European Commission reiterated its commitment to promoting decent work for all, pledging to “harness its external policies, its development aid and its trade policy for this purpose”.⁷

Box 1.1
Millennium Development Goals (MDGs) – Goals and targets
 (from the Millennium Declaration)

Goal 1: Eradicate extreme poverty and hunger

- Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day.
- Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger.

Goal 2: Achieve universal primary education

- Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

Goal 3: Promote gender equality and empower women

- Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.

Goal 4: Reduce child mortality

- Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.

⁶ General Assembly resolution 60/1 of 16 Sep. 2005, para. 47.

⁷ Commission of the European Communities: *Promoting decent work for all: The EU contribution to the implementation of the Decent Work Agenda in the world*, communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions (Brussels, 24 May 2006) COM (2006) 249.

Goal 5: Improve maternal health

- Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.

Goal 6: Combat HIV/AIDS, malaria and other diseases

- Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS.
- Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.

Goal 7: Ensure environmental sustainability

- Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.
- Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.
- Target 11: 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.

Goal 8: Develop a global partnership for development

- Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system (includes a commitment to good governance, development and poverty reduction, both nationally and internationally).
- Target 13: Address the special needs of the LDCs (includes: tariff and quota free access for the LDCs' exports; enhanced programme of debt relief for heavily indebted poor countries (HIPC) and cancellation of official bilateral debt; and more generous official development assistance (ODA) for countries committed to poverty reduction).
- Target 14: Address the special needs of landlocked developing countries and small island developing States (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the 22nd special session of the General Assembly).
- Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term.
- Target 16: In cooperation with developing countries, develop and implement strategies for decent and productive work for youth.
- Target 17: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries.
- Target 18: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.

9. The adoption of the MDGs placed poverty reduction at the heart of a common development agenda.⁸ With this common focus came renewed attention to the rural sector in general and to agriculture in particular. Historically, agriculture has been an engine of economic development, providing the food, feed, fibre and fuel with which to create more diversified products and services in other sectors. In many countries, agriculture continues to be the mainstay of rural livelihoods, a major contributor to GDP and an important source of export earnings. For the past four decades world food production has constantly outstripped population growth; rising agricultural productivity has lifted hundreds of millions out of poverty. The recent experience of countries in East and South-East Asia has demonstrated that rising labour productivity in agriculture along with the absorption of surplus rural labour in non-agricultural jobs in rural and urban areas can dramatically reduce rural poverty, and that strong and labour-intensive agricultural growth can be sustained. Such pro-poor growth contributes to food security,

⁸ See IFAD: *The challenge of ending rural poverty* (Rome, IFAD, 2001) and the World Bank: *World Development Report 2005* (Washington, DC, 2004) and *2008* (Washington, DC, 2007).

reduces food costs, and stimulates non-farm economic activity through its forward and backward linkages with the industrial and service sectors.

10. Agriculture cannot play this dynamic, wealth-creating role without an enabling policy environment, adequate institutions, and sufficient, well-targeted public and private investment. The experience of recent decades has been disappointing in this regard in a number of countries, particularly the LDCs, where investment has declined, rural poverty remains widespread and a very large share of the labour force is engaged in low-return agricultural work. Cuts in health and education budgets and in other public services, as well as the dismantling of publicly funded agricultural extension services during the structural adjustment processes of the 1980s and 1990s, undermined the foundation for bottom-up development for a generation. The effects are being felt today with a large number of poorly educated rural youth with few skills and poor job prospects and a smallholder agricultural sector that cannot thrive due to lack of support in terms of policy, infrastructure, inputs and investment. Clearly, to be successful, development of the rural sector must be part of a much larger process of social, economic and political development.⁹ Peace, good governance and political stability are among the prerequisites for job-rich, pro-poor sustainable growth to occur.

11. The MDGs incorporated the principle of environmental sustainability as an inherent aspect of poverty reduction. This principle is of particular importance to the rural poor, who through their work in agriculture, forestry and fishing, depend closely on the natural environment for their livelihoods and are highly vulnerable to environmental stress. In turn, research shows that poverty is associated with unsustainable practices and damage to the environment, so reducing poverty is important to improving the environment in poor countries. In addition, the early effects of climate change are already making themselves felt in terms of extreme weather events, increased incidence of droughts and floods, variability in rainfall patterns and degradation of marginal lands. Cereal production, which is particularly sensitive to changes in temperature and precipitation, could falter in areas where low-input, low-technology agriculture is practised, leading to increased hunger and poverty. The LDCs, sub-Saharan Africa, many poor island States and other food-insecure countries are particularly at risk from the effects of climate change. The question of environmental sustainability will necessarily underpin any in-depth discussion of rural employment and the changing nature of agriculture will be at the heart of this debate. Sustainable agriculture and rural development (SARD) seeks to balance the social, economic and environmental aspects of development while providing durable employment, sufficient income and decent living and working conditions for all those engaged in agricultural production.¹⁰

⁹ See "Why agriculture still matters", in ILO: *World Employment Report 2004–05* (Geneva, ILO).

¹⁰ FAO: *FAO Trainer's Manual*, Vol. 1, "Sustainability issues in agricultural and rural development policies" (Rome, 1995).

Box 1.2
The importance of agriculture in rural poverty reduction strategies

DFID: "... agriculture should be placed at the heart of efforts to reduce poverty. ... there is a mass of evidence that increasing agricultural productivity has benefited millions through higher incomes, more plentiful and cheaper food and by generating patterns of development that are employment intensive and benefit both rural and urban areas".

NEPAD: "Improvement in agricultural performance has potential to increase rural incomes and purchasing power for large numbers of people. Thus, more than any other sector, agriculture can uplift people on a mass scale. ... a virtuous cycle can be started of reduced hunger, increased productivity, increased incomes and sustainable poverty reduction."

The World Bank: "Rural poverty is as diverse as are the rural poor in their livelihood strategies, but in most of the poorest developing countries, agriculture is the main source of rural economic growth. That is why improved agricultural productivity and growth are central to the Bank's strategy."

USAID: "For many developing countries, overall economic growth, trade expansion and increased income-earning opportunities depend on the performance of the agricultural sector. ... In developing countries, increases in agricultural productivity must be accelerated to bring down current levels of food insecurity and meet the food, job-creation and income needs of new populations."

CGIAR: "Agricultural growth is critical to achieving the MDGs. As the vast majority of potential beneficiaries of the MDGs depend on agriculture for a living, higher agricultural productivity is a precondition for achieving the goal of eradicating extreme poverty and hunger. ... Smallholders' chances of rising out of poverty depend directly on their ability to increase the productivity of their crop and livestock husbandry activities."

FAO: "Agricultural production growth in developing countries has strong direct and indirect effects on non-agricultural growth. Perhaps more importantly the positive impact of agricultural growth on poverty reduction is more than proportional to the relative importance of the sector in the economy."

Source: DFID: *Growth and poverty reduction: the role of agriculture* (London: UK Department for International Development, 2005); NEPAD: *Comprehensive Africa Agriculture Development Programme*; World Bank: *Reaching the rural poor: A renewed strategy for rural development* (Washington, DC, 2003) p. xv; USAID: USAID agriculture strategy: *Linking producers to markets* (Washington, DC, 2004), p. 7; CGIAR: *Agricultural research matters: Achieving the Millennium Development Goals* (Washington, DC, 2005); FAO: *Beijing consensus on the future of global agriculture and rural areas – A blueprint for action* (Rome, 2005).

12. The MDGs also called for greater coherence in national and international policies. Commitments made within the framework of the global partnership for development (MDG 8) focus on the need to create an environment that will enable poor countries to grow. This will require improved governance at both national and international levels as well as the active support of the international community to improve market access, provide debt relief and increase official development assistance (ODA) to the LDCs. The development of an "open, rule-based, predictable, non-discriminatory trading and financial system" and the comprehensive handling of the debt problems of developing countries are key targets ¹¹ that require concerted multilateral effort in order to create an environment conducive to development and the elimination of poverty. The Doha Development Round, initiated by the WTO in 2001, has yet to achieve the required consensus, with divergences on agriculture being the most difficult to bridge. While the international financial institutions have set in place mechanisms to enable heavily indebted poor countries (HIPC) to redirect the resources earmarked for debt service toward social expenditure, much remains to be done in terms of increasing resource flows from donors to match agreed targets and actual commitments in terms of ODA.

¹¹ MDG targets 12 and 15.

Concurrently, the reform process being undertaken within the United Nations system aims at achieving greater policy coherence among UN agencies as well as a strengthened capacity to work together at national level to assist member States in their efforts to achieve the MDGs. UN agencies are being challenged to “Deliver as One” on the multisectoral development policies defined within national development frameworks.¹²

Towards a comprehensive strategy for promoting employment and decent work in rural areas

13. A second major change in the response of the development community to poverty and inequality since the last ILC general discussion on rural employment promotion is the potential of the concept of decent work to shed new light on development issues, including issues of agricultural development and rural employment. The Decent Work Agenda provides a framework for shaping policies and actions to reduce poverty by generating more and better jobs. It calls for the integration of economic and social objectives and for a well-orchestrated combination of measures in the areas of employment promotion, rights at work, social protection and social dialogue. Addressing decent work deficits offers pathways out of poverty. The Global Employment Agenda (GEA), which addresses both the quantitative and qualitative aspects of employment, provides the analytical framework for promoting both productive employment and decent work in a mutually reinforcing manner. The pursuit of fundamental workers’ rights is an ethical imperative that can also lead to more productive job matches and higher productivity. Social protection offers a degree of security to workers and their families, but can also improve labour market functioning. Social dialogue can contribute to durable solutions to problems and can also increase commitment and transparency, and speed adjustment to change. Decent work is thus a productive factor, and social policies based on decent work have a dynamic role to play in promoting a healthy economy and a just society.¹³ The relevance of the Decent Work Agenda for reducing poverty and social exclusion is now widely accepted.

14. Since the Millennium Summit, and particularly following the work of the World Commission on the Social Dimension of Globalization, wide consensus has emerged that full and productive employment and decent work for all are indispensable for economic growth, social cohesion and poverty eradication.¹⁴ The ILO, through its Decent Work Country Programmes (DWCPs), has already initiated the process of strategic priority-setting on social and labour issues with its tripartite constituents at the national level. It can therefore bring to the inter-agency table a clear nationally agreed policy framework within which to carry out its mandate. The ILO can also offer a comprehensive body of international labour standards, internationally agreed policy instruments, such as the GEA, and practical tools, such as the *Toolkit for mainstreaming employment and decent work*, which can benefit both national and international development partners. Finally, the ILO brings a philosophy and working method imbued with the spirit and practice of tripartism and social dialogue, which is unique among international agencies.

¹² *Delivering as One: Report of the Secretary-General’s High-Level Panel* (New York, United Nations, 2006).

¹³ ILO: *The Global Employment Agenda* (Geneva, 2003), p. 5.

¹⁴ See, for example, ILO: *Working out of poverty*, Report of the Director-General to the 91st Session of the International Labour Conference, Geneva, 2003; General Assembly resolution, United Nations, op. cit., and ECOSOC resolution, July 2006.

The Global Employment Agenda

- Core element 1: Promoting trade and investment for productive employment and market access for developing countries.
- Core element 2: Promoting technological change for higher productivity and job creation and improved standards of living.
- Core element 3: Promoting sustainable development for sustainable livelihoods.
- Core element 4: Macroeconomic policy for growth and employment: A call for policy integration.
- Core element 5: Promoting decent employment through entrepreneurship.
- Core element 6: Employability by improving knowledge and skills.
- Core element 7: Active labour market policies for employment, security in change, equity and poverty reduction.
- Core element 8: Social protection as a productive factor.
- Core element 9: Occupational safety and health: Synergies between security and productivity.
- Core element 10: Productive employment for poverty reduction and development.

15. The relevance of the GEA to the discussion of the promotion of rural employment for poverty reduction cannot be overstated. The insight that employment is the missing link between growth and poverty reduction and the recognition that sustainable poverty reduction requires simultaneously social policy transfers, investments in social and physical infrastructure and good labour market performance, constitute key policy orientations for any country to succeed in reducing poverty in rural areas. The GEA emphasizes the need to create the conditions for productive investment and enterprise development, to raise skill levels in the workforce and to promote technological change. Efforts need to be specifically targeted on agriculture and the rural economy, where most of the world's poor are found. The GEA considers decent work to be a productive factor which contributes to job creation, development and poverty reduction and emphasizes the role of trade and market access, and a sound and stable macroeconomic environment. Taken together, the ten core elements of the GEA aim to promote employment, economic development and social justice, by addressing the economic, social, environmental and labour market issues in an integrated way.

16. The GEA provides an agreed framework through which such strategies can be explored and developed. Globally, the GEA constitutes an "invitation to governments, the social partners, the multilateral system of the United Nations agencies, the Bretton Woods institutions and the regional development banks to review, rethink and reorient the policies of the past".¹⁵ Clearly, in today's integrated world economy, the challenge of reducing poverty by providing full, productive and freely chosen employment cannot be fully addressed at the national level alone.

17. Since the adoption of the Decent Work Agenda in 1999, the International Labour Conference has considered a range of social and labour issues not limited to, but of great relevance to, the rural sector. The Director-General's Reports *Reducing the decent work deficit: A global challenge* (2001) and *Working out of poverty* (2003) were of particular significance. A series of general discussions resulted in the adoption of conclusions in the areas of human resources training and development (2000), social security (2001);

¹⁵ ILO: *The Global Employment Agenda*, op. cit., p. 21.

decent work and the informal economy (2002); migrant workers (2004); youth employment (2005); the role of the ILO in technical cooperation (2006) and the promotion of sustainable enterprises (2007). In terms of standard setting, the Conference adopted the Occupational Safety and Health in Agriculture Convention, 2001 (No. 184), and its accompanying Recommendation (No. 192), as well as the Promotion of Cooperatives Recommendation, 2002 (No. 193), the Human Resources Development Recommendation, 2004 (No. 195), and the Employment Relationship Recommendation, 2006 (No. 198). In addition, the Office has convened three international tripartite sectoral meetings on agriculture (1994, 1996, 2000), the Bureau for Workers' Activities has organized two major international workers' symposia on decent work in agriculture (2003) and the role of trade unions in the global economy and the fight against poverty (2005) and both headquarters and field offices have collaborated on technical cooperation projects in the rural sector in many member States.

18. In the light of these and other developments since the last ILC discussion on the subject in 1988, the purpose of this report is to provide an overview of trends in rural employment and to offer insight into some of the key challenges facing policy-makers and the social partners in their efforts to tackle rural poverty at the beginning of the twenty-first century. The 2008 International Labour Conference will also include a general discussion on "skills for improved productivity, employment growth and development".

19. This report adopts a decent work perspective to approach the challenge of promoting employment and reducing poverty in rural areas, by examining issues of employment, social protection, rights and social dialogue in rural areas in an integrated way. Chapter 2 focuses on the distinguishing features of rural labour markets and possible interventions to improve labour market outcomes. Chapter 3 provides an overview of rural employment trends and key decent work deficits. Chapter 4 examines possible approaches to increasing the quality and quantity of employment in rural areas through improvements in productivity and transition from traditional agriculture to more value added activities. Chapter 5 looks at ways through which extending social protection to all can improve general standards of living, while increasing equity, and preventing and reducing poverty. Chapter 6 examines the role of international labour standards in closing decent work deficits in rural areas. Chapter 7 considers issues of governance and social dialogue. Chapter 8 concludes by highlighting key policy messages for promoting rural employment and reducing rural poverty as well as the possible role for the ILO in achieving this. Discussion of this report at the International Labour Conference will offer governments and the social partners the opportunity to provide the Office with clear guidance as to the most appropriate strategy to promote productive employment and decent work for poverty reduction in rural areas and the action to take to implement this strategy.

20. The Office wishes to thank those governments, employers' and workers' organizations that contributed to the preparation of this report, in particular those who responded to office questionnaires sent to ministries of labour, ministries of agriculture, ministries of cooperatives, employers' and workers' organizations. More than 115 responses were received. The Office would also like to thank the Food and Agriculture Organization of the United Nations (FAO) for its collaboration in the preparation and transmission of the questionnaire to ministries of agriculture and rural development as well as for its substantive contributions to the Office report.

Chapter 2

Poverty and employment dynamics in rural labour markets

Introduction

21. Productive employment provides a pathway out of poverty. In rural areas, the challenge is great due to the many decent work deficits faced by rural workers. These include low pay, poor-quality jobs that are unrecognized and unprotected by law, widespread underemployment, the absence of rights at work, inadequate social protection, and the lack of a representative voice. Efficient labour markets can contribute to raising the quantity and quality of employment; nonetheless, improving the functioning of rural labour markets remains a major challenge. This chapter examines the nature and distinguishing characteristics of rural labour markets and offers insights on how they can be made to function more efficiently. While badly neglected in many countries, new approaches have been developed in others that show that improvements are within grasp, if the political will is there.

Rural poverty reduction

22. The argument for developing and implementing strategies to reduce poverty by increasing productive employment opportunities in rural areas is compelling. About 75 per cent of the world's poor reside in rural areas and in most developing countries the likelihood of being poor and the severity of poverty are greater in rural than in urban areas.

23. Approximately 3.4 billion people, slightly under half of the world's population now live in rural areas. Some 97 per cent of the world's rural population live in developing countries. In most countries, poverty levels are higher in rural areas than in urban areas and in some cases the differences are considerable, most typically in the poorest countries. Because the extent and severity of poverty are greater in rural than in urban areas, providing opportunities for productive employment and decent work for rural workers is a major development challenge. From 1961 to 2000, the world's rural population increased by 1.2 billion and it will continue to grow for at least another decade. It is only as a portion of total population that gradual decline has begun.

**Table 2.1. Rural population in figures and as a percentage of total population:
World and regional estimates**

| | 1991 | 2007 | 2015 | 1991 | 2007 | 2015 |
|---|-----------|-----------|-----------|------|------|------|
| World | 3 047 727 | 3 371 403 | 3 442 118 | 56.7 | 50.6 | 47.2 |
| Developed economies and European Union | 255 371 | 242 210 | 228 960 | 27.7 | 24.1 | 22.1 |
| Central and South-Eastern Europe (non-EU) and CIS | 133 618 | 135 128 | 132 413 | 36.6 | 35.9 | 34.8 |
| East Asia | 856 126 | 786 528 | 723 056 | 69.3 | 55.7 | 49.1 |
| South-East Asia and the Pacific | 308 117 | 317 247 | 309 280 | 67.9 | 54.7 | 48.6 |
| South Asia | 868 764 | 1 111 741 | 1 197 034 | 74.8 | 70.9 | 67.9 |
| Latin America and the Caribbean | 128 923 | 124 836 | 121 333 | 28.6 | 21.9 | 19.4 |
| Middle East | 54 732 | 67 456 | 74 123 | 40.4 | 35.0 | 32.9 |
| Sub-Saharan Africa | 361 575 | 492 266 | 557 648 | 71.3 | 64.1 | 60.3 |
| Northern Africa | 80 501 | 93 991 | 98 271 | 54.8 | 48.0 | 44.2 |

Source: ILO calculation based on United Nations Population Division: *World population prospects: The 2006 revision*, Population database, 2007 update.

24. Africa and Asia, each with over 60 per cent of their populations in rural areas in 2007, are experiencing very rapid rates of urban growth due to natural increase, the influx of migrants from the countryside as well as the aggregation of population in small towns. Nonetheless, their rural populations are continuing to rise as well, most strongly in Africa.

25. Urbanization is part of a healthy economic development process, but its unguided shape and speed have often outpaced the capacity of policies, institutions and markets to cope. Urban poverty is increasing rapidly: by 2002 the urban share of the poor had increased to almost 25 per cent from around 19 per cent in 1993.¹ Thus, there is a heightened challenge to design policies that address both rural stagnation and urban impoverishment, rather than to treat them in isolation. Investment, infrastructure and market and non-market institutions are needed to facilitate interaction between populations, businesses, services and economic sectors in rural and urban areas, to spread development along the continuum that links the remote farm to the megacity.

Box 2.1
The meaning of rural

At the international level, there is no standard definition of "rural" which would be applicable to all countries, but the size of the locality, or the smallest civil division in a country is most typical. Thus, urban areas are often defined as localities with a population of 2,000 or more inhabitants, and rural areas as localities with a population of less than 2,000 inhabitants and sparsely populated areas. For countries where density of settlement is not sufficient to distinguish urban and rural areas, international recommendations propose the use of additional criteria: the percentage of the economically active population employed in agriculture, the general availability of electricity and/or piped water in living quarters, and the ease of access to medical care, schools and recreation facilities, for example. In reality, urban and rural areas form a continuum and are inextricably linked.

26. Rural areas tend to get short shrift in terms of investment in enterprise creation, infrastructure development, and the provision of basic services, such as health care and

¹ M. Ravallion et al.: *New evidence on the urbanization of global poverty*, World Bank Policy Research Working Paper No. 4199 (Washington, DC, World Bank, 2007).

education. Public policy generally fails to correct this urban bias. Lack of access to capital, technology, markets or public goods and a strong reliance on the natural resource base restrict opportunities for diversified economic growth.

27. The OECD distinguishes five rural “worlds” that require different menus of policy responses.² These are the world of large-scale commercial agricultural households and enterprises; the world of traditional landholders and enterprises, that are not internationally competitive; the world of subsistence agricultural households and micro-enterprises; the world of landless rural households and micro-enterprises and, finally, chronically poor rural households. Similarly, the World Bank suggests that there are three distinct groups of countries – the first, where the economy is based on agriculture; the second, transforming; the third, urbanized – and suggests that the agenda for sustainable growth and poverty reduction differs for each.³ The obvious implication of such typologies is that policies to address rural poverty and to increase employment opportunities in rural areas must be context specific if they are to have any chance of success. They also need to recognize the heterogeneous nature of the rural poor – those who live from the land (smallholder farmers, the landless, waged workers, cultural and ethnic minorities working on plantations, indigenous peoples, artisanal fisher folk, nomadic pastoralists) as well as members of female-headed households, the elderly and the disabled.

28. A broad body of evidence suggests that rapid poverty reduction in developing countries can be achieved through agricultural and rural development.⁴ This is because increased per capita agricultural output and value added tend to have a disproportionately positive impact on the incomes of the poorest, making agriculture and rural development key to pro-poor growth.⁵ Strong agricultural growth has been a feature of countries that have successfully reduced poverty, such as those parts of Asia where agricultural productivity improvements played an important role in combating poverty. In contrast, in much of Africa, per capita food production and yields have largely stagnated, slowing overall growth, impeding structural transformation and increasing hunger and poverty.

Box 2.2

Poverty and inequality: Measurement and meaning

Poverty can be measured in a number of ways, each with its advantages and limitations. Most often measurements are based on monetary income or consumption. The often cited international poverty lines of US\$1 or 2 a day are examples of this approach with US\$1 a day considered “extreme poverty” and US\$1–2 a day considered “severe-to-moderate”. In effect, these are measures of absolute poverty.

By these measures, approximately one sixth of the world’s population is living in conditions of severe poverty at less than US\$1 a day and roughly half are living on less than US\$ 2 a day. International poverty lines allow for comparisons among countries and over time, but may be too high or low to be relevant or most appropriate in a particular

² OECD: *Promoting pro-poor growth: Agriculture* (Paris, 2006).

³ World Bank: *World Development Report 2008: Agriculture for development – Overview*, p. 1 (Washington, DC, 2007).

⁴ World Bank: *World Development Report 2008*, op. cit; *World Development Report 2005*, op. cit.; and FAO: *Roles of Agriculture Project (ROA)* (www.fao.org/es/esa/roa/).

⁵ Despite such evidence, donors tend to underfund support to the rural and agricultural sectors. For example, in the fiscal year 2007, World Bank lending to the agriculture, fishing and forestry sector amounted to only 7 per cent of its lending commitments (source: *World Bank Annual Report 2007*).

country. In contrast, relative poverty is context specific and is defined in relation to the standards that exist in a given society and with reference to people in society who are not poor. This identifies poverty with disadvantage and so with inequality.

Inequality is usually measured by the Gini coefficient which reveals the inequality existing in a data distribution of personal (or household) income or consumption. It is defined as a ratio with values between 0 and 1. A value of 0 corresponds to perfect equality (i.e. everyone has the same income) and 1 corresponds to perfect inequality (i.e. one person has all the income).

People experience poverty in many ways, not just in terms of income. Thus, poverty is a multidimensional concept. The Human Development Index (HDI) is a composite measure based on three key indicators of poverty: life expectancy, educational attainment and income. The HDI provides a more integrated, holistic measure of poverty than the poverty lines but cannot be computed for persons or families, only for territories.

The satisfaction of basic needs is another way in which the multidimensional nature of poverty is often addressed. Composite indexes of satisfaction of basic needs are composed by assigning scores to the meeting of recognized basic needs related to housing (and housing quality), access to health and education, employment and income, etc. These types of indexes, usually computed in ad hoc ways according to the availability of data, can be applied to individuals or households as well as to territories.

The Copenhagen Declaration saw poverty as having “various manifestations, including lack of income and productive resources sufficient to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments; and social discrimination and exclusion ...”. (The Copenhagen Declaration on Social Development and Programme of Action of the World Summit for Social Development, 6–12 March 1995, New York: United Nations).

Others may argue that not only is poverty multidimensional but that it cannot be measured by income or even by utility as conventionally understood: what matters is not the things a person has or the feelings these provide but what a person is or can be and does or can do, i.e. his or her capabilities (A. Sen, *Development as Freedom*, Oxford University Press, 2001).

29. Attention has recently focused on the rural–urban continuum and its economic implications for rural areas. Agricultural growth is seen to benefit farm households directly by raising incomes and food security, but also to benefit both urban and rural households by promoting higher wages, lowering food prices, increasing the demand for consumer and intermediate goods and services, encouraging the development of agro- and rural-based businesses, raising the returns to labour and capital and improving the overall efficiency of markets. That, at least, is the theory. In reality, many countries are experiencing a widening gap between urban and rural livelihoods, with the positive effects mentioned above mainly felt in sub-urban perimeter areas and along main trunk roads. Often, however, increases in commodity prices fail to reach the very small producer, who faces rising costs for inputs, but receives an ever-shrinking portion of the market value of his or her crops. Nor do agricultural workers generally see higher commodity prices translated into fuller wage packets.

30. In early stages of development, when the agricultural population is numerous and moving to other types of employment, the impact of increased farm incomes and wages on the rest of the economy can be particularly important: labour market transmission mechanisms raise wages in other sectors, while business opportunities improve through the impact of higher incomes on demand. Conversely, if increasing wealth fails to make its way back to the farm, and farm incomes fail to rise, a stagnating rural economy can hold back overall economic performance. Increasing total agricultural productivity through technical progress and investment is central to poverty reduction, but for this to

happen, agricultural support services need to be tailored to serve the needs of small-scale farms that engage the bulk of the rural population and account for most food production in developing countries.

31. Productivity improvement can result from the introduction of labour-enhancing innovations which allow the same amount of agricultural labour to cultivate more land, or through the introduction of better seed varieties, improved soil fertility and irrigation that raise land productivity. Technical progress is not just a question of mechanization, but rather the application of good agricultural practice with a view to raising the productivity of land through the selection of crops and livestock suitable to the soil quality, terrain and weather conditions, the judicious choice of inputs, and the use of appropriate technology, tillage and crop rotation practices. In that sense, technical progress relies heavily on the skills and education of the agricultural workforce as well as on the availability of information, credit and markets. Technical progress in agriculture may be labour displacing or labour augmenting. Hence, the employment impact of various approaches to increasing productivity needs to be considered.

Box 2.3
Modern commercial farming: Capital intensive, labour poor

Modern commercial farming places an emphasis on capital formation, technological progress and scientific research and development aimed at ever higher levels of output and productivity. Production is entirely for the market. Although specialized farms vary in terms of size and function, in most cases, they are likely to employ sophisticated labour-saving mechanical equipment, ranging from huge tractors and combine harvesters to airborne spraying techniques which permit the cultivation of many thousands of hectares of land often for a single crop such as wheat or maize. Through capital-intensive methods and reliance on economies of scale, such commercial farming affects market structures nationally and globally, in many cases, undermining the viability of small-scale farming and threatening the livelihoods of small-scale farmers.

Modern commercial farming is often associated with the concentration of commodity markets and the economic power of a limited number of multinational agri-businesses in the industrial food chain. For example, over 80 per cent of world grain is distributed by just two companies, about three-quarters of the banana trade is controlled by five corporations and trade in such commodities as tea, cocoa and coffee is heavily concentrated in the hands of a limited number of multinational companies.

Distinguishing features of rural labour markets

32. Labour markets can be said to function well if they achieve two primary objectives concerning efficiency and fairness. In an efficient labour market, all workers willing to work at the going wage rates are likely to quickly find suitable jobs that match their skills, education and experience. Fairness is most typically measured in terms of whether a worker is paid according to the value of his or her work. A well-functioning labour market is also characterized by adequate protection of workers against the risk of income loss by enabling workers to quickly find a new job or through the provision of suitable social protection. According to all these criteria, rural labour markets tend to function poorly.

33. In fact, the term “labour market” suggests a unity that is absent in practice. Rather, there are multiple markets for labour, demarcated by industry, crop, occupation or geographical area. Rural economies are generally mixed, with the rural farming and non-farming populations earning their living from interdependent agricultural and

non-agricultural activities and with employers competing with each other for available labour supply, especially during peak periods of the farming season.

34. Strong economic, social and political power imbalances between employers and workers tend to be more prevalent in rural society than in urban areas and can undermine the fair and effective functioning of rural labour markets. Often employers own and control not only agricultural land, but also other assets needed by workers, such as housing, access to water, access to forest resources, animals, convenience stores, credit, and, in some cases, schools and health-care facilities. Complex interlocking relationships that can involve wages, barter and other types of exchanges between employers and workers can reinforce workers' dependence. For instance, when workers can only obtain loans from their employer or can only hire oxen from the landlord they work for, negotiations on wage rates may be tied to outcomes in those other areas as well. Bonded or forced labour exchange often originates in the interlocking of the labour and credit markets whereby the labourer, who is in debt to the employer, has the obligation of working for the employer until the debt has been repaid. Such types of labour exchange constitute a denial of basic human rights.

35. Labour organization tends to be weak in rural areas, where traditional, even feudal labour relations persist, where rural workers enjoy lesser legal rights than other workers as well as in areas where seasonal and casual employment on small farms predominates. Labour organization is much stronger when farms are large, employment is more permanent, and labour relations more formalized, as in plantations.

36. Serious barriers to employment associated with factors such as gender, ethnicity, or caste can severely restrict labour mobility. Such discrimination contributes to labour market dysfunction. Improving the functioning of rural labour markets is essential to the success of policies intended to promote pro-poor growth. Labour is often the only asset of the poor, and it is through the labour market that the poor participate in economic activity.

Box 2.4
Gender dimensions to rural labour markets and poverty reduction

Gender inequality limits economic growth both directly and indirectly and diminishes the effectiveness of poverty reduction programmes and policies. Women are typically the mainstay of the agricultural food sector, labour force and food systems. They are often largely responsible for post-harvest activities and for a large share of off-farm income-generation activities. In some societies, the "feminization" of agricultural work may be attributed to the higher propensity of men to migrate out of rural areas and to shift to non-farm activities.

Women tend to operate at a significant disadvantage in terms of trying to increase their productivity and enhance their access to markets. Three of the most common barriers to more efficient rural markets – insecure or incomplete property rights, weak financial services and poor infrastructure – are likely to have a particularly adverse impact on women. The adoption of a gender perspective can contribute to the formulation of more effective poverty reduction policies. Ensuring that women have security of land tenure in their own right, control over productive assets and increased access to inputs like credit, fertilizers and extension services are concrete means of accelerating and diversifying growth and ensuring sustainable poverty reduction in rural areas.

37. Rural labour markets are largely markets for unskilled labour where supply comes from workers with little formal education or training. The prevalence of casual labour and child labour contributes to low productivity, low wages and weak bargaining capacity. Where small family farms predominate, much of the supply of labour is from

small farmers and their families who need to supplement the income obtained from their own holdings by hiring out their labour. The supply of labour is largely determined by how they value the returns to labour on their own farms compared to the wages they could earn by working for others. Where labour is abundant and population pressure on land is high, there is often involuntary unemployment, with workers being unable to find employment at the going wage rate. The prevalence of child labour in agriculture perpetuates a cycle where household income for both farmers and waged workers is insufficient to meet their economic needs.

Box 2.5
Who works in agriculture?

In agriculture, the great variety of land ownership patterns and methods of cultivation gives rise to numerous types of labour relations and various forms of labour force participation. Those who work in agriculture include:

Wage earners

- Permanently employed agricultural workers: usually employed for wages on medium-sized and large farms and plantations.
- Specialized workers: employed for specific tasks, such as the application of pesticides, ploughing, etc.
- Seasonal, casual, temporary, and daily workers: may move between agriculture and other rural activities according to the availability of work, often living and working in precarious conditions.
- Migrant workers: temporarily engaged during harvest periods, these workers are typically poorly housed, underpaid and often lack access to health services.

Self-employed

- Large landowners: run enterprises specialized in agricultural production. They use advanced technologies and benefit from access to credit, crop insurance, technical assistance, etc.
- Medium-sized and small landowners: operate farms with varying financial and technical means; may produce for the domestic and/or export market.
- Subsistence farmers: mainly found in developing countries, often own very small holding; lack technical know-how, supplies and access to credit and to markets; may work as temporary wage workers to supplement their income.
- Sharecroppers and tenants: cultivate communally owned, state-owned or private property, the former paying a share of the production as rent, the latter renting the land for a fixed annual rent.

Unpaid family members

- Their work contributes to household income and they share in the benefits of the family's production, though their contribution does not appear in labour statistics. Many women and child labourers figure among this category of worker.

Others

- Cooperative workers: participate in collective economic enterprises for agricultural production and marketing.
- Indigenous people: own land as collective property, are often engaged in subsistence agriculture; may work on a temporary basis in agricultural enterprises.
- Child labourers.

Non-market based labour exchange is common in the rural areas of many countries. This can take the form of tributary labour, reciprocal exchange, work parties and so forth. Voluntary labour exchange can increase efficiency since it is a way of mobilizing labour when the need is greatest and when productivity is high.

38. Agriculture is subject to risks of weather and price volatility that tend to reduce the overall demand for labour and to influence the contractual arrangements under which farm production is carried out. Major oscillations in labour demand and labour

productivity throughout the agricultural cycle result in seasonal employment patterns, seasonal migration, intra-year wage variations, widespread underemployment and the dominance of casual over permanent employment. Waged agricultural workers typically find employment for only half the year and have little income to sustain them between seasons. The employment relationships in rural labour markets are often complex and difficult to regulate, especially where much labour is supplied through labour contractors, subcontractors and gang masters.

39. Rural migration has a strong seasonal component. People are “pulled” into other rural areas during agricultural peak times when demand for labour is strong, whereas during the low season farmers may become temporary migrants to urban areas to take advantage of job opportunities there, often in the informal economy. Seasonal migration can be welfare enhancing. For instance, a recent study in Viet Nam found that seasonal migration resulted in an annual increase of about 5 per cent of household expenditure, and a 3 percentage point decrease in the poverty headcount.⁶ Nonetheless, seasonal migration comes at a cost. Migrant workers in agriculture often experience discriminatory treatment on the job and face strong disadvantages in terms of pay, social protection, housing and medical care. When families migrate for agricultural work, it is often only the male head of household who appears on the employer’s payroll, despite the involvement of the spouse and children in the actual work. When parents migrate alone, families are broken up for months at a time with children left in the care of others.

Box 2.6
Agriculture and migrant labour: Working life at the margins of the food chain

Like their peers in the United States, European fruit and vegetable growers face fierce international competition and have sought to reduce costs through recourse to a population of semi-legal foreigners, many of whom come from North and West Africa and from the poorer countries of Eastern and South-Eastern Europe. The corresponding declines in pay and working conditions coupled with the fact that much of the work in the fields and greenhouses is dirty, demanding and dangerous make such work unappealing to local workers.

Despite political pronouncements to the contrary, tolerance of large populations of undocumented migrant workers together with lax enforcement of labour laws, especially in agricultural areas with seasonal imperatives for extra labour, facilitate the widespread use, if not outright exploitation, of foreigners made vulnerable by need and precarious legal status.

Furthermore, the availability of migrant workers can influence crop selection and investment decisions. For example, over the past two decades, growers in parts of Spain have shifted from cereal crops to more labour-intensive fruit trees and greenhouse cultivation.

Source: J.E. Cole and S.S. Booth, *Dirty Work: Immigrants in Domestic Service, Agriculture and Prostitution in Sicily* (Lexington Books, Lanham, 2007), pp. 67–105.

40. The structure of the agricultural production system strongly affects the amount of labour engaged on a farm or plantation and the conditions of employment and work. Outgrower schemes are one variant of contract farming, which has become a growing feature of agricultural commodity production. Typically, a large plantation company augments its own production by buying in agricultural commodities of a specified quality at a guaranteed price from local farmers, who in turn employ agricultural workers to carry out the production. Increasingly, the main company helps the farmers to set up

⁶ A. de Brauw and T. Harigaya: “Seasonal migration and improving living standards in Vietnam”, in *American Journal of Agricultural Economics* (Oxford, Oxford University Press, 2007) Vol. 89, No. 2.

and run outgrower associations, often with their own labour hiring departments which bring in seasonal and casual labour to work on the small-scale farms of their members.

41. The IUF,⁷ supported by the International Land Coalition, analysed the changing patterns of agricultural work in the Ugandan sugar industry, which was shifting from production based on large company-owned plantations to a system through which much cane was produced by outgrowers working under contract to the sugar company. The resulting report⁸ found the following social and labour outcomes: ongoing downsizing of the permanent waged workforce on plantations directly managed by the sugar company (i.e. the nucleus plantation); an increase in the number of waged workers on short-term contracts on the nucleus plantation; increased use of casual waged workers on nucleus plantations; increased hiring of casual waged workers by self-employed farmers, producing sugar under contract as “outgrowers” to the sugar plantation companies; outgrower associations acting as labour contractors, hiring casual waged labour to work on the farms of its members; and an overall increase in the casualization of employment. The combined effects of these changes for waged workers were growing job insecurity, lower rates of pay, poorer working conditions, increasing food insecurity and growing levels of poverty.

42. A competitive business environment need not lead to declining conditions of employment and work. The Kenya Flower Council, whose members include more than 50 floriculture companies that represent more than 70 per cent of Kenya’s flower exports, has developed a code of practice, backed by regular audits, that includes social and environmental standards as well as statutory and international requirements. The basic social requirements include workers’ health and safety (provision of a safe working environment, provision of personal protective equipment, working instructions and supervision); general worker welfare (work contracts, job descriptions, wages, housing, safe transportation, medical provision, annual leave, maternity leave, pro-rata leave and other terms and conditions of employment); and social accountability issues, including freedom of association and collective bargaining, child labour, gender and equity committees, mechanisms of harassment prevention, equal pay for equal work, and worker grievance handling procedures among others. The Council intends to broaden its membership to more small and medium flower growers, and from 2001 to 2004 provided training for smallholders.⁹

43. Farmapine Ghana Limited (FGL), which is a pineapple marketing cooperative that processes and exports its members’ produce, offers a contrasting example. It is owned by members of five farmers’ cooperatives and two former pineapple producer-exporters. The arrangement is guided by formal contracts signed between FGL, the cooperatives and cooperative members. Farmapine outgrowers in the cooperatives make higher profits and face lower risks than outgrowers not affiliated with FGL. The arrangement has been successful in increasing farmers’ income, generating employment, and stemming migration to the cities in search of jobs. In addition, the cooperative members have been active in their communities, funding the building of schools and providing other basic amenities.¹⁰

⁷ International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers’ Associations.

⁸ IUF: *Changing patterns of agricultural production, employment and working conditions in the Ugandan sugar industry* (Geneva and Rome, IUF/International Land Coalition, 2003).

⁹ <http://www.kenyaflowers.co.ke>.

¹⁰ G. Yeboah: “The Farmapine model: A cooperative marketing and a market-based development approach in sub-Saharan Africa”, in *Choices*; www.choicesmagazine.org/2005-1/grabbag/2005-1-16.htm.

44. The majority of cooperatives are found in rural areas where they are often a significant source of employment. Furthermore, cooperatives also maintain farmers' ability to be self-employed given that for many farmers the fact that they are members of a cooperative and derive income from the services, allows them to continue to farm and contribute to the rural community. Cooperatives of all types are found in the rural context: in agriculture (production, processing, marketing, purchasing and sales) but also in financial services, energy, housing, tourism and handicrafts.

Improving rural labour markets

45. Rural labour markets tend not to function well because labour market governance and institutions are usually weak and have little capacity to directly address factors determining supply or demand for labour. Figure 2.1 shows the main factors affecting rural labour markets in terms of supply and demand. Elements operating on the supply side are shown in the left column, those operating on the demand side are shown on the right, while those related to institutions and intermediary structures and processes appear in the middle. Rural labour markets are complex and fluid. Understanding how the conditions influencing the supply of labour (demographics, social norms, access to land and health and education levels) interact with the conditions influencing demand (general economic growth, investment levels, market access and technical progress) offers insights into the challenges and opportunities for government and the social partners to promote more and better quality employment in rural areas. It is through the intermediary institutions, structures and processes of labour market governance that the tripartite constituents can most directly promote more effective labour market functioning in terms of efficiency, fairness and social protection.

Figure 2.1. Rural labour market framework

| Supply side | Institutions and intermediary structures and processes | Demand side |
|--|---|---|
| <p>Conditions influencing supply</p> <ul style="list-style-type: none"> ■ Population growth and family composition ■ Social norms related to labour supply ■ Migration patterns and intensity ■ Urban growth and associated labour demand ■ Access to land and other productive assets ■ Nutrition and health ■ Education and skills ■ Income transfers | <p>Government policies, regulations and services</p> <ul style="list-style-type: none"> ■ Macroeconomic and financial policies ■ Agricultural and sectoral policies ■ Trade and agricultural policies ■ Public investment (infrastructure, education, health, etc.) ■ Rule of law and property rights, ■ Land reform processes ■ Labour codes and regulations, including international labour standards ■ Information and marketing systems ■ Employment services ■ Enabling environment for business and investment ■ Donor policy (ODA) | <p>Conditions influencing demand</p> <ul style="list-style-type: none"> ■ General economic growth ■ Growth of agricultural output for the domestic market and for export ■ Market access for agricultural products with trading partners ■ Growth of rural non-farm activities ■ Public and private investment in rural areas ■ Technical progress in agriculture – type and intensity ■ Relative factor prices in agriculture and in relation to other sectors ■ Labour productivity in agriculture ■ Public works ■ Urban growth ■ Farm structure ■ Seasonality ■ Landownership structure |

| Supply side | Institutions and intermediary structures and processes | Demand side |
|--|---|-------------|
| <p>Types of work and workers (overlapping categories)</p> <ul style="list-style-type: none"> ■ Waged workers, including permanent, full-time, part-time, casual, temporary, seasonal, etc. ■ Self-employed, including both on-farm (smallholders) and off-farm (service providers and small-scale businesses) ■ Sharecroppers ■ Outgrowers and other rural workers under “putting out” systems <p>Categories of waged and/or self-employed workers who may be subjected to discrimination include:</p> <ul style="list-style-type: none"> ■ Young workers ■ Women ■ Migrant workers ■ Landless poor ■ Indigenous peoples <p>Special consideration needs to be given in rural areas to:</p> <ul style="list-style-type: none"> ■ Child labour ■ Bonded labour | <p>Social partners, civil society and the private sector</p> <ul style="list-style-type: none"> ■ Trade unions ■ Employers' organizations ■ Farmer/agricultural producer organizations ■ Cooperatives ■ Advocacy and service organizations, including NGOs ■ Private enterprises ■ Value chain and sectoral organizations ■ Marketing intermediaries ■ Financial intermediaries <p>Social and cultural factors and economic institutions</p> <ul style="list-style-type: none"> ■ Informal networks, family and kinship ties ■ Cultural norms ■ Sharecropping ■ Contract farming and outgrower associations ■ Non-market-based labour exchanges ■ Debt peonage and bonded labour | |

46. Where effective labour market institutions are absent, social and cultural factors tend to play a significant role in the functioning of rural labour markets. Family connections and informal networks provide information on jobseekers and job opportunities, and influence the allocation of certain types of work to certain categories of workers, as well as the terms and conditions of the labour contract. Cultural norms may prevent some types of workers from accessing certain jobs and may determine levels of hiring and wages according to social distinctions based on sex, age, caste, religion, nationality, ethnicity, among others.

47. To counter this, governments and the social partners can work together to improve rural labour market function in order to increase equity and reduce the incidence of poverty. However, labour market reforms and/or regulations tend, for a variety of reasons, to be controversial. In rural areas, a significant measure of this controversy may rest in the effect on power structures and, in particular, the politics of agrarian change and the threat to vested interests posed by reforms. To be successful, labour market reforms need to be coordinated with other public policies, such as those in the fields of education, agriculture or public works. However, the provision of public services in rural areas tends to be poor and policy coordination and coherence are usually a major challenge in such resource- and capacity-constrained environments.

48. Stimulating growth of farms and rural businesses is essential to enhance rural labour market performance and governments have a key role in creating an enabling

environment for business and investment in rural areas.¹¹ The basic requirements for rural growth are well known – investment, physical infrastructure, education and health services and institutions that support smallholder agriculture and small business development, notably by providing access to credit, markets and technical information and assistance. In many rural areas, agriculture is the chief driver of the economy and enterprises of all types and sizes provide agricultural inputs and purchase and process outputs, typically along value chains running from the farm gate through to the retailer's shelf. They are important for realizing the potential of agriculture. A supportive environment for agriculture would create a more level playing field by avoiding macro, trade and fiscal policies harmful to the sector and by redressing the serious under-investment in agriculture by both the public and private sectors.¹² Adequate investment levels could encourage greater productivity, stimulate linkages with the wider economy and, through the resulting multiplier effects, induce improved social and labour outcomes in the rural sector.

Box 2.7
Falling investment in agriculture

Today developing countries produce 67 per cent of the world's agricultural net production, up from only 50 per cent 25 years ago. The rise could have been much greater. Unfortunately, for the past quarter century, agriculture in much of the developing world has been starved of investment. Between 1980 and 2004, public spending on agriculture declined in Africa from 6.4 to 5 per cent of total public spending. In Asia, the decline was from 14.8 to 7.4 per cent and in Latin America from 8 to 2.7 per cent. Publicly funded agricultural research and development in many developing countries has been crippled by loss of investment, despite the fact that it has been shown, in China and India, to have the greatest impact on agricultural productivity and growth of any public spending and ranks second in terms of impact on rural poverty. The underfunding of agricultural extension schemes cut the main conduit of information, technology and innovation from the laboratory to small farmers. Removal of subsidies for inputs such as seeds and fertilizers and the dismantling of price supports have made farming unprofitable for many small and marginal farmers.

Private finance also declined steeply, often as a result of commercial banks' abandonment of the sector. When finance was available, it was generally directed to large borrowers, and excluded the majority of small producers from the formal credit system. Although FDI has increased exponentially in recent years, little has been directed towards agriculture. Of the US\$711 billion in FDI inflows worldwide in 2004, only US\$2.6 billion, or approximately 0.36 per cent, went to agriculture. In developing countries, US\$2.3 billion, or 0.85 per cent of FDI inflows, were directed to agriculture. In 2005, the LDCs were able to attract only US\$9,680 million in FDI inflows, a mere 0.01 per cent of the global total.

The share of agricultural spending in ODA also declined precipitously from 18.1 per cent in 1979 to 3.5 per cent in 2004. ODA to agriculture in Africa stood at the same level in 2004 as it had 25 years earlier, though the continent's population had doubled in the meantime and rural poverty had become more severe.

While the major lending institutions stressed the need for macroeconomic stability, a reduced role for the State, greater reliance on market forces and an opening up to international competition, the group of LDCs grew from just over 20 members in the early 1980s to 50 countries in 2006.

Sources: World Bank: The World Development Report, 2008. IFPRI: Sound choices for development: The impact of public investments in rural India and China (Washington, D.C., IFPRI, 2002). UNCTAD: The least developed countries report 2006 (Geneva, UNCTAD, 2006).

¹¹ See resolution concerning the promotion of sustainable enterprises adopted by the ILC at its 96th Session of the International Labour Conference, Geneva, June 2007.

¹² UNCTAD: *World Investment Report 2006* (New York and Geneva, United Nations, 2006).

49. Governments establish laws, regulations and policies which have a direct bearing on the supply and demand for rural labour. Labour codes provide the legislative framework governing the employment relationship, conditions of work, including minimum wages, and prohibitions on certain types of employment and employment practices. Although labour codes are ubiquitous, their implementation in rural areas is usually limited, given that the bulk of work is self-employed or hired under informal arrangements that lie beyond the reach of most governments. Policies on minimum wages and conditions of work and prohibitions on discrimination and on the use of child labour all tend to be underdeveloped or poorly implemented in rural areas.¹³

50. Government regulations and programmes that garner tripartite support can reduce the discrimination that men and women migrant workers typically face and protect them from abusive hiring practices. For example, the UK Gangmasters (Licensing) Act 2004, aims to curb the exploitative activities of gangmasters supplying labour to the agricultural, horticultural and shellfish industries by requiring them to register with the Gangmasters Licensing Authority. Those hiring labour can check the public register to see whether gangmasters have registered or not. A clear distinction is thus made in the labour supply market between legal and illegal operators.¹⁴

51. In some countries, the social partners have worked together with government and the private sector to improve implementation of the law down the supply chain. For example, the Ghana Employers' Association and five commercial oil palm and rubber plantations in western Ghana have developed a code of conduct on the elimination of child labour. The code of conduct enables the plantation companies to establish principles for responsible farming and labour practices among contractors, subcontractors, smallholders, outgrowers and agents in relation to child labour. The Association and the companies have developed voluntary inspection teams made up of representatives from: the Ministry of Labour's Child Labour Unit, and Factory Inspectorate; the Association; oil palm and rubber companies; Ghana General Agricultural Workers Union; smallholder, outgrower and contractor associations; and ILO-IPEC.¹⁵

52. In others, the focus has been on extending protection to agricultural workers previously excluded from coverage. In 1991, when the National Employment Fund was created in Argentina, agricultural workers found themselves excluded from unemployment insurance. In response to this situation, trade unions pushed for a registration scheme for agricultural workers, which led to the creation of RENATRE, the National Registry of Rural Workers and Employers. RENATRE registers rural workers and gives them access to social security benefits. The scheme covers all agricultural workers, whether local or migrants and whether engaged on a permanent, temporary or transitory basis. Employers are obliged to register their workers and to assist them in obtaining an employment record card from local registry offices within five days. Failure to do so results in penalty. Rural employers contribute 1.5 per cent of the worker's total monthly salary to the RENATRE fund. The employment record card serves as proof of employment and entitles rural workers to unemployment insurance, family allowance payments, access to health insurance and from age 65 onwards to a pension. Over a recent five-year period, RENATRE registered 400,000 workers, including migrant workers from Bolivia, Chile, Paraguay and Uruguay who account for approximately 1

¹³ Issues of labour law and international labour standards are dealt with more fully in Chapter 6.

¹⁴ See Frequently asked questions. Gangmasters Licensing Authority, UK; www.gla.gov.uk/index.asp?id=1012867.

¹⁵ Ghana Employers' Association communiqué (Accra, Ghana, Dec. 2007).

per cent of those registered. RENATRE is instituted under public law, but its board of directors is independent of government. The board is composed of four directors from the Argentine Union of Rural Workers and Stevedores (UATRE) and four directors from the Agricultural Inter-cooperative Confederation Limited Cooperative (CONINAGRO), the Argentine Agrarian Federation (FAA), the Argentine Rural Confederation (CRA), and the Argentine Rural Society (SRA). Two auditors from the Department of Labour are also included.¹⁶

53. Governments and the social partners have also sought to improve labour mobility, particularly the seasonal migration of casual labourers, by providing information on opportunities, ensuring that entitlements to state services are portable and by facilitating remittances. In the United Kingdom, for example, the Seasonal Agricultural Workers Scheme ensures that workers recruited abroad receive information on the type of work that awaits them, pay and deductions; hours of work, breaks and overtime; holiday pay, sick pay and bad weather pay entitlements; employment rights, including rights to written terms and pay details; the worker's rights and responsibilities under health and safety laws; minimum standards of accommodation; immigration status and the consequences of overstaying; and how and where to complain if something goes wrong.¹⁷ A bilateral agreement between the Governments of Kazakhstan and Kyrgyzstan sets out the legal framework through which migrant workers' rights are protected. Non-discrimination, the minimum age for recruitment set at 18 years, the prohibition of recruitment by unlicensed intermediaries and the provision of access to social insurance were among the key provisions. Collaboration between agricultural trade unions in the two countries led to improved information for potential migrants on their rights at work.¹⁸

54. Among poor households, there may be limited capacity to take up employment opportunities in the modern sector, even through migration, due to inadequate opportunities for education and training and the high incidence of self-employment and informality. Nonetheless, there is a need to diversify household income sources. In such cases, government can intervene directly to provide employment with a degree of social protection, as is the case in India under the National Rural Employment Guarantee Act, 2005. The Act provides a legal guarantee of 100 days of employment in every financial year to adult members of rural households willing to do unskilled manual work at the statutory minimum wage. Adult members of rural households register and are issued a job card, containing the details and photo of the enrolled adult. Employment is usually provided within a 5 km radius of the household, but if the distance is greater, additional wages are paid. If employment under the scheme is not provided within 15 days of receipt of the application, daily unemployment allowance is paid to the applicant. Central and state governments together cover the wage bill, unemployment insurance and administrative costs. The scheme has been operating since February 2006 in 200 districts, and aims to cover all 593 districts within five years.¹⁹

55. Membership organizations, including employers' and workers' organizations, cooperatives, business, farmer and producer groups and other civil society organizations, can work with local government authorities to structure and strengthen rural labour

¹⁶ IUF: *Organizing, representing and defending migrant workers' rights in agriculture and allied sectors* (Geneva, 2007).

¹⁷ http://www.bia.homeoffice.gov.uk/working_in_the_uk/saws/.

¹⁸ IUF: *Organizing, representing and defending migrant workers' rights in agriculture and allied sectors*, op. cit.

¹⁹ The Act is further discussed in Chapter 5.

markets. The number of associations and organizations representing rural farms and enterprises appears to be growing. Between 1992 and 2002, the percentage of villages in Senegal with producer organizations rose from 8 to 65 per cent, and in Burkina Faso from 21 to 91 per cent. Rural workers' unions are more often of a territorial than a subsectoral type and frequently include small producers alongside pure wageworkers. The social partners provide a certain structure to an otherwise fluid rural labour market and serve, *inter alia*, to carry out wage and other negotiations relative to labour issues. Governance reforms that ensure freedom of association and thereby enable workers, employers, farmers and other rural producers, to form representative organizations that can work for the interests of their members, are essential to tripartite efforts to improve rural labour market function.²⁰

²⁰ The role of the tripartite partners in governance issues is further developed in Chapter 7.

Chapter 3

Trends in rural employment and decent work deficits

Introduction

56. This chapter presents recent trends in rural employment, both on- and off-farm, analysed from a decent work perspective. It looks at decent work deficits through the four lenses corresponding to the four pillars of the Decent Work Agenda: the quantity and quality of employment – including returns to labour and access to productive resources – social protection, rights at work and social dialogue. The chapter concludes with an overview of key policy challenges for decent work in rural areas.

Decent work

57. Decent work is about opportunities for women and men to obtain productive employment in conditions of freedom, equity, security and human dignity. Decent work deficits are evident when labour is forced, rather than freely chosen, when opportunities for remunerative work are limited to certain groups at the expense of others, when social and labour conditions increase workers' exposure to risk rather than protect them from it, and when lack of productive work keeps workers and their families in a cycle of poverty and powerlessness.

58. Dysfunctional labour markets contribute to decent work deficits in rural areas. The Decent Work Agenda, with its focus on rights, employment, social protection and social dialogue, provides a framework for addressing these deficits through policies and programmes that integrate economic and social objectives. Because most poverty is found in rural areas, improving rural livelihoods and raising living standards by promoting the key attributes of decent work – most notably opportunities for productive, remunerative employment – would be a major contribution to worldwide efforts to halve poverty by 2015.

Trends in employment

59. With a total of over 1 billion people employed in the sector, agriculture is the second greatest source of employment worldwide after services and occupies the greatest portion of the rural workforce.¹ With over 700 million agricultural workers,

¹ At the international level, statistics on agricultural employment are more readily available than statistics on rural employment. This is because data on agricultural employment, if classified according to the International Standard Industrial Classification of All Economic Activities (ISIC), are comparable across regions and countries. In contrast, due to national differences in the characteristics that distinguish urban from rural areas, the distinction between urban and rural employment is not yet amenable to a standard definition which would be applicable to all countries or even to countries within a region.

Asia accounted for more than 70 per cent of the world total, and sub-Saharan Africa, with 192 million workers for almost 20 per cent. With 510 million and 276 million people engaged in agriculture respectively, China and India together represented almost 60 per cent of the world's total agricultural labour force. Global and regional totals are shown in table 3.1.

Table 3.1. Total employment in agriculture ('000)

| | 1991 | 2001 | 2007* |
|---|-----------|-----------|---------------|
| World | 1 036 584 | 1 086 886 | 1 036 330 |
| Developed economies and European Union | 30 126 | 24 090 | 18 468 |
| Central and South-Eastern Europe (non-EU) and CIS | 40 732 | 36 717 | 31 787 (3%) |
| East Asia | 387 010 | 362 734 | 309 797 (30%) |
| South-East Asia and the Pacific | 118 308 | 117 769 | 120 825 (12%) |
| South Asia | 256 371 | 299 488 | 286 085 (28%) |
| Latin America and the Caribbean | 45 321 | 42 734 | 46 383 (5%) |
| Middle East | 7 697 | 10 502 | 11 282 (1%) |
| Sub-Saharan Africa | 136 841 | 176 837 | 192 007 (19%) |
| North Africa | 14 178 | 16 015 | 19 697 (2%) |

* 2007 are preliminary estimates.

Source: ILO: *Global Employment Trends Model*, 2007; see also technical note in ILO: *Global Employment Trends* (Geneva, 2004) and for further technical information on the world and regional estimation processes, see <http://www.ilo.org/public/english/employment/strat/wrest.htm>.

60. Agriculture is the most important sector for female employment in many countries, and especially in Africa and Asia. It has been estimated that rural women produce more than half of the food grown worldwide.² Women are typically more likely than men to work in the agricultural sector. In rural Africa women produce, process and store up to 80 per cent of foodstuffs while in South Asia and South-East Asia they produce and process 60 per cent of food production.³

61. The share of agriculture in total employment is declining, as illustrated in table 3.2. In 1991, 45.2 per cent of total employment was in agriculture. By 2007, this share had fallen to 34.9 per cent, with women making up 41.3 per cent of the total. In all regions, the portion of agriculture in total employment declined during that period, sometimes sharply as in East Asia, South-East Asia and the Pacific and Central and Latin America and the Caribbean. This reflects the shift towards industry and services, growing urbanization and demographic changes in the rural labour force. Appendix I provides information on the shares of employment in agriculture, industry and services as well as the portion of GDP attributable to these sectors in most ILO member States.

² Report of the Secretary-General: *Economic advancement of women*, Commission on the Status of Women, Economic and Social Council, United Nations document E/CN.6/2006/7 (2005).

³ ILO: *World Employment Report 2004–05* (Geneva, 2005).

Table 3.2. Share of agricultural employment in total employment and female share of employment in agriculture

| | Employment in agriculture (%) | | | Female share of employment in agriculture 2007* |
|---|-------------------------------|------|-------|--|
| | 1991 | 2001 | 2007* | |
| World | 45.2 | 40.3 | 34.9 | 41.3 |
| Developed economies and European Union | 7.2 | 5.4 | 3.9 | 36.2 |
| Central and South-Eastern Europe (non-EU) and CIS | 26.6 | 24.0 | 19.5 | 44.0 |
| East Asia | 57.3 | 47.9 | 38.4 | 47.4 |
| South-East Asia and the Pacific | 60.2 | 48.3 | 43.9 | 41.4 |
| South Asia | 60.5 | 57.1 | 48.0 | 36.6 |
| Latin America and the Caribbean | 27.5 | 19.9 | 19.1 | 22.7 |
| Middle East | 22.5 | 20.9 | 17.5 | 47.7 |
| Sub-Saharan Africa | 72.1 | 70.1 | 64.7 | 44.4 |
| North Africa | 37.5 | 32.9 | 32.8 | 23.9 |

* 2007 are preliminary estimates.

Source: ILO: *Global Employment Trends Model*, 2007; see also technical note in ILO: *Global Employment Trends* (Geneva, 2004) and for further technical information on the world and regional estimation processes, see <http://www.ilo.org/public/english/employment/strat/wrest.htm>.

62. Despite agriculture's declining share in employment in all regions, the number of people working in the sector in 2007 was almost the same as in 1991. However, in North Africa, sub-Saharan Africa, the Middle East, Latin America and the Caribbean and South-East Asia and the Pacific the number of people employed in agriculture actually grew, as shown in table 3.1. In fact, East Asia was the only developing region which saw a decline in agricultural employment in the same period from 387 to 309 million. Since 2001, South Asia has also witnessed a small decline in total numbers. Two-thirds of the ministries of agriculture that responded to the Office questionnaire – most of which were in developing countries – expected the number of persons engaged in agriculture to remain stable or grow over the next ten years, with a strong majority expecting growth. The forestry and fishing sectors, which in many countries are also under the responsibility of ministries of agriculture, are both expected to require a growing workforce in the coming decade.

63. The highest rates of employment in agriculture are found in sub-Saharan Africa (64.7 per cent), South Asia (48 per cent) and South-East Asia and the Pacific (43.9 per cent), which together with East Asia, account for some 60 per cent of the world's working-age population. Hence, the preponderance of employment in agriculture in total employment. In contrast, agriculture only accounted for 19.1 per cent of employment in Latin America and the Caribbean, 17.5 per cent in the Middle East and just 3.9 per cent in the developed economies and the European Union. Women's share of total agricultural employment varied from 47.7 per cent in the Middle East to 22.7 per cent in Latin America and the Caribbean. Nowhere did women constitute the majority of those working in the sector.

64. Historically, agriculture has been the largest employer of youth in sub-Saharan Africa. In 2005, young people accounted for an estimated 65 per cent of agricultural employment. However, low and precarious incomes and the lack of useful work experience are driving many to look for work in cities, despite the great disadvantages they face in urban labour markets. Ministries of labour that responded to the Office

questionnaire cited better job opportunities in urban areas as the most frequent reason for rural–urban migration. Nonetheless, the number of unemployed youth in Africa grew by almost 30 per cent between 1995 and 2005,⁴ underscoring the need for labour market policies that provide young people with the skills they need to earn a living, whether in rural or urban areas.

65. The challenge of providing decent employment for young persons is immense. In developing countries as a group, the number of 15–24 year-olds is expected to rise by 10 per cent between now and 2050, but in the LDCs where poverty is most widespread and the vast majority of the population resides in rural areas, the number is expected to double. During the same period, as this age cohort advances through life, the overall working-age population comprised of 15–64 year-olds will rise from approximately 450 million today to 1.1 billion, or 65 per cent of the total population of the LDCs. In 2030, almost 60 per cent of them are expected to be in rural areas.⁵ Addressing the challenge of rural youth employment today will set the stage for decent work for generations to come.

66. Regional averages offer an overview of the general structure of the economy over wide areas, yet they conceal the great diversity in the nations comprised in the grouping. This is well demonstrated in table 3.3, which presents the employment shares in agriculture first by region, and then indicates the highest and lowest rates found in countries within that region. In sub-Saharan Africa, for example, in 2007 employment shares in agriculture ranged from 82 per cent in the United Republic of Tanzania to 10 per cent in Mauritius. In South-East Asia and the Pacific, 72 per cent of employment was in agriculture in Papua New Guinea compared to 0 per cent in Singapore. In Latin America and the Caribbean, Haiti and Puerto Rico represented the two ends of the spectrum with 51 and 2.1 per cent, respectively.

Table 3.3. Employment shares in agriculture, regional and national extremes

| | Employment in agriculture (%) | | |
|---|-------------------------------|------------------------------------|---------------------------|
| | 2007* | Highest rate in the region | Lowest rate in the region |
| Developed economies and European Union | 3.9 | 32.1 (Romania) | 0.4 (San Marino) |
| Central and South-Eastern Europe (non-EU) and CIS | 19.5 | 58.4 (Albania) | 10.2 (Russian Federation) |
| East Asia | 38.4 | 44.1 (China) | 0.1 (Macau, China) |
| South-East Asia and the Pacific | 43.9 | 72.3 (Papua New Guinea) | 0.0 (Singapore) |
| South Asia | 48.0 | 66.4 (Nepal) | 17.3 (Maldives) |
| Latin America and the Caribbean | 19.1 | 50.5 (Haiti) | 2.1 (Puerto Rico) |
| Middle East | 17.5 | 54.1 (Yemen) | 0.0 (Kuwait) |
| Sub-Saharan Africa | 64.7 | 82.1 (United Republic of Tanzania) | 10.0 (Mauritius) |
| North Africa | 32.8 | 45.4 (Morocco) | 21.1 (Algeria) |

* 2007 are preliminary estimates.

Source: ILO: *Global Employment Trends Model*, 2007; and ILO: *Key Indicators of the Labour Market*, fifth edition, Geneva (2007). Only countries with data later than 1999 were taken into account.

67. Globally, the male and female shares of employment in agriculture, compared to their employment rates in other sectors, are quite similar, with only a slightly higher

⁴ ILO: *African employment trends* (Geneva, Apr. 2007).

⁵ UN DESA: *World population prospects: The 2006 revision*, Population database on <http://esa.un.org/unpp/p2k0data.asp>, accessed on 17 Jan. 2008.

portion of females working in agriculture (36.1 per cent) than males (34 per cent) as illustrated in table 3.4. In the Middle East and North Africa, the share of women working in agriculture rose between 1997 and 2007, the only regions showing such a trend. This trend was accompanied by an overall rise in waged employment for women in those two regions along with a drop in female own-account workers and contributing family workers, suggesting that women in those regions are engaging increasingly in paid employment in the sector. In Latin America and the Caribbean, agricultural employment accounts for only 10.7 per cent of female employment, a far lower portion than the 24.7 per cent of male workers in the sector. In contrast, in the Middle East and South Asia employment in agriculture comprises a much greater portion of female employment than male (31 versus 12.5 per cent and 60.5 versus 42.9 per cent). In both East Asia and sub-Saharan Africa, female employment rates in agriculture are also higher than male although the difference between them is smaller (41 versus 36.3 per cent and 67.9 versus 62.4 per cent). It is noteworthy that the two regions with the highest shares of female employment in agriculture – sub-Saharan Africa and South Asia – are also the regions with the lowest shares of female waged and salaried workers, with 15.5 per cent in each region, as shown in table 3.5. Noteworthy too are the consistently higher shares of women workers, compared to men, classified as “contributing family workers”. South Asia provides a particularly striking example of this.

Table 3.4. World and regional estimates of female/male employment in agriculture as a percentage of all female/male employment

| | 1997 | | 2007* | |
|---|--------|------|--------|------|
| | Female | Male | Female | Male |
| World | 43.5 | 40.0 | 36.1 | 34.0 |
| Developed economies and European Union | 5.3 | 6.7 | 3.2 | 4.6 |
| Central and South-Eastern Europe (non-EU) and CIS | 26.9 | 27.0 | 19.2 | 19.8 |
| East Asia | 51.9 | 44.6 | 41.0 | 36.3 |
| South-East Asia and the Pacific | 50.3 | 47.7 | 43.4 | 44.3 |
| South Asia | 74.0 | 53.5 | 60.5 | 42.9 |
| Latin America and the Caribbean | 14.6 | 28.6 | 10.7 | 24.7 |
| Middle East | 28.4 | 19.6 | 31.0 | 12.5 |
| Sub-Saharan Africa | 74.8 | 70.0 | 67.9 | 62.4 |
| North Africa | 31.2 | 36.6 | 32.6 | 32.9 |

* 2007 are preliminary estimates.
 Source: ILO: *Global Employment Trends Model*, 2007; see also technical note in ILO: *Global Employment Trends* (Geneva, 2004) and for further technical information on the world and regional estimation processes, see <http://www.ilo.org/public/english/employment/strat/wrest.htm>.

Table 3.5. Female and male status of employment, shares in female/male total employment, 1997 and 2007

| | Waged and salaried workers | | Employers | | Own-account workers | | Contributing family workers | |
|--|-------------------------------|-------|-----------|------|------------------------|-------|--------------------------------|-------|
| | 1997 | 2007* | 1997 | 2007 | 1997 | 2007* | 1997 | 2007* |
| Female (%) | | | | | | | | |
| World | 41.8 | 46.4 | 2.1 | | 1.8 | 21.6 | 26.9 | 34.5 |
| Developed economies and European Union | 85.1 | 88.0 | 4.2 | | 3.9 | 6.8 | 5.8 | 4.0 |
| Central and South-Eastern Europe (non-EU) and CIS | 77.5 | 78.5 | 3.6 | | 3.0 | 11.4 | 13.6 | 7.6 |
| East Asia | 28.7 | 39.2 | 1.6 | | 0.7 | 25.7 | 36.8 | 44.0 |
| South-East Asia and the Pacific | 29.4 | 35.1 | 1.0 | | 0.9 | 23.2 | 28.0 | 46.5 |
| South Asia | 11.4 | 15.5 | 0.5 | | 0.3 | 17.4 | 25.2 | 70.7 |
| Latin America and the Caribbean | 67.8 | 64.6 | 2.1 | | 2.7 | 21.7 | 25.5 | 8.4 |
| Middle East | 43.7 | 55.3 | 1.1 | | 1.5 | 25.7 | 17.9 | 29.4 |
| Sub-Saharan Africa | 12.4 | 15.5 | 2.6 | | 2.8 | 48.0 | 46.9 | 37.0 |
| North Africa | 49.3 | 58.4 | 2.2 | | 3.2 | 16.2 | 12.4 | 32.3 |
| Male (%) | | | | | | | | |
| World | 44.9 | 47.9 | 4.3 | | 3.4 | 37.2 | 37.4 | 13.5 |
| Developed economies and European Union | 80.6 | 82.1 | 8.1 | | 7.9 | 10.1 | 9.3 | 1.2 |
| Central and South Eastern Europe (non-EU) and CIS | 74.7 | 76.1 | 4.2 | | 4.1 | 17.5 | 17.7 | 3.6 |
| East Asia | 38.4 | 46.4 | 3.7 | | 1.3 | 39.8 | 40.5 | 18.1 |
| South-East Asia and the Pacific | 38.1 | 41.6 | 2.9 | | 2.3 | 43.3 | 41.5 | 15.7 |
| South Asia | 21.0 | 24.4 | 2.2 | | 1.2 | 58.0 | 56.1 | 18.8 |
| Latin America and the Caribbean | 62.4 | 60.6 | 5.5 | | 5.9 | 26.6 | 29.7 | 5.6 |
| Middle East | 58.7 | 65.2 | 5.8 | | 6.7 | 28.1 | 23.0 | 7.4 |
| Sub-Saharan Africa | 25.2 | 30.3 | 3.4 | | 3.2 | 49.6 | 48.0 | 21.8 |
| North Africa | 57.1 | 59.9 | 9.4 | | 11.9 | 17.9 | 16.2 | 15.6 |

*2007 are preliminary estimates.

Note: The indicator of status in employment distinguishes between three categories of the total employed. These are: (a) waged and salaried workers (also known as employees); (b) self-employed workers; and (c) contributing family workers (also known as unpaid family workers). Subcategories of the self-employed group are self-employed workers with employees (employers), self-employed workers without employees (own-account workers) and members of producers' cooperatives. According to the International Classification of Status in Employment (ICSE), the basic criteria used to define the status groups are the types of economic risk that they face in their work, an element of which is the strength of institutional attachment between the person and the job, and the type of authority over establishments and other workers that the job-holder has or will have as an explicit or implicit result of the employment contract. For more details on status of employment definitions see: resolution concerning the international classification of status in employment, adopted by the 15th International Conference of Labour Statisticians, Geneva, 1993; web site: <http://www.ilo.org/public/english/bureau/stat/class/icse.htm>.

Source: ILO: *Global Employment Trends Model*, 2007; see also technical note in ILO: *Global Employment Trends* (Geneva, 2004) and for further technical information on the world and regional estimation processes, see <http://www.ilo.org/public/english/employment/stat/wrest.htm>.

68. Research on the micro level has shown that there is a strong correlation between the status category “unpaid contributing family members” and the share in agricultural employment: the higher the share in agricultural employment, the higher the share of “contributing family workers” in most countries. In other words, unpaid contributing family workers, who are usually women and children, are typically found in the agricultural sector, especially in developing countries. This is true for both sexes but to a stronger extent for women than for men. Therefore, if a high share of women in a country work in agriculture, the likelihood of their being unpaid contributing family workers – and thereby being in extremely vulnerable employment situations – is very high. In the case of Pakistan (2005–06), for example, agriculture accounts for more than two-thirds of female employment and contributing family workers account for 57 per

cent of all female employment. Cross tabulations show that more than 90 per cent of all female contributing family workers (across all sectors) are in agriculture.⁶

Returns to labour

69. Agriculture continues to provide the predominant source of employment in many regions, accounting for 63 per cent of rural household income in Africa, 62 per cent in Asia, 50 per cent in Europe and 56 per cent in Latin America.⁷ However, non-agricultural activities have come to provide a much larger share than in the past. For example in Kenya, smallholders derive approximately 40 per cent of their income from off-farm activities, of which 7 per cent comes from remittances, 12 per cent from commercial activities, and 21 per cent from salaries or wages.⁸ Table 3.6 presents panel data from repeated household surveys carried out in Bangladesh, India (Tamil Nadu), the Philippines and Thailand which illustrate this trend as well. While non-farm income had contributed less than 50 per cent of household income in seven out of eight instances in the 1980s, by 2003–04 the portion of household income derived from non-farm activities surpassed that derived from agriculture in five out of eight instances, often by significant amounts. This was the case in both high potential and in marginal agricultural areas.

Table 3.6. Changes and differences in real rural household income per capita (PPP US\$) and its composition (%) in selected areas of Asia

| | High potential agricultural areas | | Marginal agricultural areas | |
|---------------------------|-----------------------------------|---------|-----------------------------|---------|
| | 1980s | 2003/04 | 1980s | 2003/04 |
| Philippines | | | | |
| Per capita income (PPP\$) | 1 065 | 2 364 | 386 | 1 119 |
| Non-farm (%) | 45 | 70 | 37 | 60 |
| Thailand | | | | |
| Per capita income (PPP\$) | 2 014 | 4 617 | 959 | 2 543 |
| Non-farm (%) | 10 | 47 | 21 | 74 |
| Bangladesh | | | | |
| Per capita income (PPP\$) | 634 | 1 001 | 841 | 1 094 |
| Non-farm (%) | 33 | 51 | 55 | 57 |
| Tamil Nadu (India) | | | | |
| Per capita income (PPP\$) | 520 | 697 | 228 | 623 |
| Non-farm (%) | 9 | 4 | 7 | 27 |

Source: Otsuka and Yamano: "The role of rural labour markets in poverty reduction: Evidence from Asia and East Africa", a draft background paper for the World Development Report 2008. Adapted from table 6, using panel data from repeated household surveys.

70. A closer look at data from Bangladesh (1987–2000), presented in table 3.7, shows that income from farming increased at the very low annual rate of only 0.3 per cent, amounting to less than 4 per cent in total over the 13 years. The rise achieved was due largely to diversification away from rice farming towards the cultivation of other higher value crops, the value of which rose at a rate of 4.3 per cent annually, compensating to some extent for the fall in agricultural wages. In contrast, income from non-farm sources rose by 70 per cent during the period, from US\$348 to US\$591, an annual increase of 4.3 per cent. The share of non-farm income in the total household income thus increased

⁶ For more details, see ILO: *KILM* fifth edition (Geneva, 2007) Ch. 1B.

⁷ G. Anriquez and K. Stamoulis: *Rural development and poverty reduction: Is agriculture still the key?* ESA Working Paper No. 07-02 (Rome, FAO, June 2007).

⁸ Jayne et al. (2003) as cited in O. Nagayets: "Small farms: Current status and key trends", The Future of Small Farms Research Workshop, Wye College, 26–29 June 2005 at www.ifpri.org.

from under 40 per cent in 1987 to over 51 per cent in 1999–2000. Two main factors account for this: the greater engagement in trade and business activities, which contributed 19.9 per cent of household income, up from 12.6 per cent; and the growth in remittances, which rose from 4.7 to 11.8 per cent of household income. Out-migration and declining birth rates contributed to smaller average household size and thus to the faster rise in per capita, compared to household, income as well.

Table 3.7. Bangladesh, growth and structure of rural incomes, 1987 and 2000

| Source of income | Income (US\$/household) | | Share of total income | | Annual rate of growth, 1987–2000 |
|-------------------------------|----------------------------|--------------|--------------------------|-------------|-------------------------------------|
| | 1987 | 2000 | 1987 | 2000 | |
| Agriculture | 541 | 560 | 60.9 | 48.7 | 0.3 |
| Rice farming | 266 | 252 | 29.9 | 21.9 | -0.4 |
| Other crops | 79 | 134 | 8.9 | 11.6 | 4.3 |
| Non-crop agriculture | 94 | 122 | 10.6 | 10.6 | 2.1 |
| Agricultural wages | 102 | 52 | 11.5 | 4.5 | -5.5 |
| Non-agricultural | 348 | 591 | 39.1 | 51.3 | 4.3 |
| Trade and business | 112 | 229 | 12.6 | 19.9 | 5.9 |
| Services | 126 | 144 | 14.2 | 12.5 | 1.1 |
| Remittances | 42 | 136 | 4.7 | 11.8 | 9.8 |
| Non-agricultural labour | 68 | 82 | 7.6 | 7.1 | 1.5 |
| Total household income | 889 | 1 151 | 100 | 100 | 2.1 |
| Household size | 6.0 | 5.5 | — | — | -0.6 |
| Income per capita | 148 | 208 | — | — | 2.7 |

Source: Table 5, Hossain et al. 2003, IRRI–BIDS sample household survey.

71. During the same period in Bangladesh, the portion of households reporting agriculture as their primary occupation fell from just under 70 per cent to just under half. This did not represent the abandonment of agriculture, however, but rather a greater diversification of economic activity among household members. Indeed, the portion of households reporting some income from farming and other agricultural activities both rose to high levels, to 69.9 and 86.2 per cent respectively. Agricultural wage labour declined in importance both as a primary occupation and as a contributing source of household income. This evolution is illustrated in table 3.8.

Table 3.8. Bangladesh, distribution of workers by primary occupation, 1987 and 2000

| | % households reporting it as primary occupation | | % households reporting some income from the occupation | |
|-------------------------|---|-------------|--|------|
| | 1987 | 2000 | 1987 | 2000 |
| Farming | 44.6 | 36.7 | 64.0 | 69.9 |
| Agricultural labour | 22.4 | 11.8 | 51.6 | 28.2 |
| Other agriculture | 1.2 | 0.9 | 78.0 | 86.2 |
| All agriculture | 68.2 | 49.4 | – | – |
| Trade and business | 8.3 | 12.2 | 31.9 | 32.3 |
| Services | 14.7 | 21.7 | 21.9 | 28.0 |
| Non-agricultural labour | 8.7 | 16.8 | 29.2 | 23.7 |
| Total | 100 | 100 | – | – |

Source: Table 4, Hossain et al., 2003, IRRI-BIDS sample household survey.

72. India seems to have followed a similar pattern in the 1990s with increasing agricultural output, relatively little growth in farm jobs, but a much larger rise in earnings from non-farm activities. In the 16-year period from 1983 to 1999–2000, employment increased by 16 per cent in agriculture, but by 57 per cent in rural non-farm activities. Indian agricultural trade unions have reported large declines in opportunities for work, ranging from a 20 to 77 per cent drop in various regions of the country. The Bharatiya Khet Majdoor Union (BKMU) in Haryana stated that harvest work that had offered one month's employment in the mid-1990s had fallen to seven days by 2001 and the Andhra Pradesh Vyavasya Vruthidarula Union (APVVU) in Anantapur, Andhra Pradesh stated that availability of employment had dropped from 180 days per year to fewer than 90. The Working Peasant's Movement (WPM) in Tamil Nadu had seen work opportunities in irrigated areas fall from 240–270 days to 60–70 days per year within a ten-year period. Declining opportunities for waged employment were attributed to mechanization, changes in crop patterns and conversion of land to non-agricultural purposes. Also, small and medium farmers lacked the means to hire labour due to the increased costs they were facing for inputs, such as high yield seed varieties, inorganic fertilizers and pesticides.⁹ By 2002, casual workers had come to account for 80 per cent of male employment and 92 per cent of female employment in agriculture.¹⁰

73. Declining opportunities for regular waged employment were reported by agricultural trade unions in a number of other countries as well. The majority of those that replied to the Office questionnaire stated that in the companies with whom they had collective bargaining agreements, the number of regularly employed women workers had declined over the past five years and more than 40 per cent said that the number of temporarily employed women workers had grown.

74. Wage work in agriculture is generally low paid. Most of the ministries of agriculture that responded to the Office questionnaire reported that the average wages in agriculture, fisheries and forestry – the principal occupations of rural people – were lower than the average wages for urban informal workers. Indeed, a number of countries exclude agricultural workers from minimum wage protection and others exclude specific

⁹ Paschim Banga Khet Majoor Samity (PBKMS): *Globalization and agricultural workers*, IUF Land and Freedom Project Discussion Paper 3 (Geneva, 2002).

¹⁰ World Bank: *World Development Report 2008*, op. cit.

types of workers or occupations frequently found in agriculture or in other rural activities, for example, casual workers, part-time workers, piece workers, seasonal workers, or tenant farmers who give part of their crop as rent to their landlord. Payment systems can exacerbate this situation. Many agricultural workers, particularly casual, temporary or seasonal workers, are paid at least in part on a piecework basis – i.e. per kilo of crop picked, row weeded, or hectare sprayed, rather than by the day, the week or the month. For example, on rubber plantations in India, 65 per cent of workers were paid on a piecework basis; on tea plantations the figure was 90 per cent. Men accounted for 57 per cent of those paid on a piecework basis on rubber plantations, where their earnings averaged 90 rupees per day; women accounted for the same percentage of pieceworkers on tea plantations, but their daily earnings averaged only 63 rupees.¹¹ Indeed, gender pay gaps are the norm in many countries in agriculture.

75. Real earnings of waged agricultural workers can also be volatile. For example, a series of six wage surveys undertaken between 1958 and 2004 among Indian tea plantation workers found real earnings falling by as much as 31 per cent or rising by as much as 79 per cent between rounds.¹² The World Bank has reported falling agricultural earnings in a number of Latin American countries, for example in Brazil, where temporary workers saw their income fall by 30 per cent between 1980 and 2004. Daily paid rates for fruit workers in Chile were reported to vary 50–60 per cent between peak and slack seasons.¹³

76. Tables 3.9 and 3.10 indicate wage rates for various activities at the village level in Ghana and Mexico. Research carried out in Ghana found that the typical daily farm wage in 2000 was just US\$0.71, and even the maximum daily farm wage of US\$1.42 was below the daily earnings of a vegetable grower and less than half what a farmer of food crops would earn. Research in Mexico in 1996–98 showed that the median hourly wage for agricultural workers was US\$0.41, slightly higher than artisans, but less than half the median earnings of traders. The average wage in non-agricultural employment was 56 per cent higher than that in agriculture.¹⁴ In Uganda, agriculture and fishery workers had the lowest median wage of all major occupational groups, averaging just 20 per cent of the earnings of a clerk.¹⁵ In India in 1999–2000, wage rates for male rural casual workers in non-farm activities were 50 per cent higher than for those in agriculture.

¹¹ Labour Bureau, Government of India: *Occupational Wage Survey* (Sixth round, 2006): Report on plantation industries, Chapter 2, and tables 4.2 and 4.4.

¹² Labour Bureau, op. cit., table 4.13.

¹³ World Bank, *World Development Report 2008*, op. cit.

¹⁴ World Bank, *World Development Report 2008*, op. cit.

¹⁵ Uganda Bureau of Statistics: *Labour market conditions in Uganda* (Kampala, 2006), table 2.11, Median monthly wage by occupation, p. 17.

Table 3.9. Returns to activities in four villages, southern Ghana, 2000

| | US\$ per day |
|--|--------------|
| Carpentry | 2.48 |
| Charcoal making | 2.61 |
| Vegetable growing | 1.58 |
| Food crops | 3.90 |
| Daily farm wage, typical | 0.71 |
| Daily farm wage, maximum | 1.42 |
| Source: Wiggins, Marfo and Anchirinah, 2001. | |

Table 3.10. Returns to labour, four Mexican villages, 1996–98

| | Returns, median, US\$ per hour |
|-------------------------------|--------------------------------|
| Artisan | 0.25 |
| Informal employee | 0.26 |
| Agricultural labourer | 0.41 |
| Servant | 0.46 |
| Construction worker | 0.48 |
| Carpenter | 0.48 |
| Driver | 0.56 |
| Informal worker | 0.70 |
| Trader | 0.91 |
| Formal employee | 0.96 |
| Soldier, police | 1.06 |
| Teacher | 1.85 |
| Professional | 2.35 |
| Total | 0.41 |
| Women | 0.36 |
| Men | 0.44 |
| Source: Wiggins et al., 1999. | |

77. Trade unions in four Indian states reported wage rates for women of 50–60 per cent of those of male workers. In Andhra Pradesh, male agricultural labourers had largely abandoned agricultural wage work, going in for petty commodity production and non-farm employment instead. In some cases, this involved tied labour arrangements, whereby an indebted male worker withdrew from low-paid agricultural work and delegated debt repayment and household provisioning to women family members.¹⁶

78. Agriculture can be an engine of economic growth and social progress, but the right policy mix must be in place for it to play that role. Empirical evidence has demonstrated that employment growth and productivity growth in agriculture can go hand in hand paving the way for a more balanced development process supported by a healthy agricultural sector.¹⁷ The experience of ILO member States in this regard is mixed, with some incurring declines in value added per person employed in agriculture while others

¹⁶ IUF: *Globalization and agricultural workers*, op. cit.

¹⁷ For a full discussion on agricultural productivity and employment, see ILO: “Why agriculture still matters”, in *World Employment Report 2004–05: Employment, productivity and poverty reduction* (Geneva, 2004).

have raised that figure over time. This is illustrated in Appendix II, which shows the change in value added per person employed in agriculture, forestry and fisheries between 1980 and 2005. Getting the right policies in place is crucial to raising productivity in the sector, an issue further discussed in Chapter 4.

Access to land

79. Most people who work the land work on small farms. These are variously referred to as smallholdings, family farms, subsistence farms or resource-poor farms. There is no common definition of what a small farm is. The size of the landholding is often cited, but the scale varies tremendously from one country to another, and in any case, says nothing about the quality of the land, its productive use, or the natural, social, political or commercial environment in which it is found.

80. The World Bank's Rural Strategy has defined smallholders as those with a low asset base operating less than 2 hectares of cropland.¹⁸ On the basis of that figure, 85 per cent of the world's 525 million farms are smallholdings, and three-quarters of these are made up of less than 1 hectare of land. Asia accounts for 87 per cent of the world's small farms, with China alone accounting for half and India for 23 per cent. Farms of less than two hectares make up 95 per cent or more of all farms in Bangladesh, China and Viet Nam. Some 80 per cent of African farms are small-scale. Farms of less than 2 hectares make up 97 per cent of farms in the Democratic Republic of the Congo, 90 per cent in Egypt and 87 per cent in Ethiopia.

81. Sharp inequalities in the distribution of land remain a major source of extreme poverty. In Latin America, for example, the average farm size is 67 hectares, yet 58 per cent of Peruvian farms and 49 per cent of Mexican farms are smaller than 2 hectares. In Ecuador, smallholders make up 43 per cent of all farmers yet they cultivate only 2 per cent of the land. In Brazil, 20 per cent of farmers are smallholders, but together their share of cultivated land amounts to 1 per cent.¹⁹

82. Land reform is inevitably controversial, as it alters not just the distribution of land, but also of economic and political power. It is therefore unlikely to be successful without the active support of the State in response to the demands of the landless poor. State-led land reform undertaken from 1945 onward – whether through the confiscation of large landholdings, progressive taxation of land or publicly subsidized land transfers – has generally resulted in the redistribution of a larger portion of total agricultural land to a higher percentage of households than the market-led reform programmes undertaken from the mid-1990s onward, as shown in the table below. The success of reform, however, relies on two key factors: the breadth of political support that reform commands, and substantial state support in the form of public investment, credit and technical assistance to enable the many newly endowed small farmers to use their land productively, access markets and to raise themselves from poverty.

¹⁸ World Bank: *Reaching the rural poor: A renewed strategy for rural development* (Washington, DC, 2003).

¹⁹ O. Nagayets, *op. cit.*

Table 3.11. Land redistribution outcomes of state-led land reform programmes in selected countries

| Country | Period | Redistributed land as % of total agricultural land | Beneficiaries as % of total agricultural households |
|--|------------|--|---|
| Cuba | Since 1959 | 80.00 | 75.00 |
| Bolivia | 1952–77 | 74.50 | 83.40 |
| Republic of Korea | Since 1945 | 65.00 | 77.00 |
| Chile | 1964–73 | Nearly 50.00 | 20.00 |
| Peru | 1963–76 | 42.40 | 32.00 |
| Mexico | 1970 data | 42.90 | 43.40 |
| Philippines | 1972–05 | Nearly half | Two-fifths |
| Japan | Since 1945 | One third | 70.00 |
| Land redistribution outcomes of major market-led agrarian reform programmes in selected countries | | | |
| Brazil | 1997–2005 | 0.40 | 1.32 |
| Colombia | 1994–2001 | 0.22 | 0.33 |
| Guatemala | 1997–2005 | 4.00 | 1.30 |
| Philippines | 2000–05 | 0.01 | 0.03 |
| South Africa | 1994–2005 | 1.65 | 4.10 |
| Zimbabwe | 1980–96 | 16.60 | 5.83 |
| Namibia | 1990–2005 | 6.00 | 0.16 |

Adapted from: Saturnino M. Borras, Jr. and Terry McKinley: "The unresolved land reform debate: Beyond state-led or market-led models", UNDP International Poverty Centre Policy research brief No. 2, Nov. 2006.

83. In Africa and Asia, the trend is towards further subdivision and fragmentation of landholdings. In the Democratic Republic of the Congo, for example, average landholdings fell from 1.5 hectares in 1970 to 0.5 hectares in 1990 and almost two-thirds of households operated holdings of less than 0.5 hectares. The number of farms more than doubled during the period. This suggests that small-scale agriculture has come to play the role of safety net, providing a degree of food security, but forming only one part of family livelihood strategies which count increasingly on diversification of income sources to ensure well-being.

84. Indeed rural households tend to adopt livelihood strategies that respond to the particular blend of human, social, natural, physical and financial capital available to their members. The combination of asset endowments – whether in terms of family members' skills and education, the social networks to which they belong, the quality and quantity of land available to them and their access to other resources, such as water, social services, infrastructure, credit, or cash provided through remittances – and the degree of vulnerability to which households are exposed are key elements in the strategies they adopt. Households require a range of assets to achieve positive livelihood outcomes; no single category of assets on its own is sufficient to yield the many and varied outcomes that people seek. This is particularly true of poor households, whose access to any given category of assets tends to be limited. Cultural factors can strongly influence household livelihood strategies. For example, when rights of ownership, access, use or inheritance of land or other productive resources are defined or delimited on the basis of sex, female-headed households may be unable to convert their assets into positive livelihood outcomes.

85. Gaps between people's decent work aspirations and their daily reality are particularly pronounced in poor rural communities. Decent work deficits are seen in the fact that incomes are lower and more unevenly distributed than in the rest of the economy. Low-skill, low-pay, low-quality jobs make it hard for the working poor to work themselves out of poverty. High levels of informality, ineffective labour markets and lack of investment in rural enterprise and job creation contribute to widespread underemployment and offer young school leavers too few viable options for their future well-being. Such decent work gaps are interconnected with lack of social protection, lack of rights, and lack of voice.

Social protection

86. There is much room for improvement in the labour and social protection currently provided to rural workers, whether in terms of their conditions of work or their vulnerability to livelihood risks. In agriculture, for example, conditions of work can be arduous. Much agricultural work is by its nature physically demanding, involving long periods of standing, stooping, bending, and carrying out repetitive movements in awkward body positions. The risk of accidents is increased by fatigue, poorly designed tools, difficult terrain, exposure to the elements and poor general health. Even when technological change has brought about a reduction in the physical drudgery of agricultural work, it has introduced new risks, notably associated with the use of machinery and the intensive use of chemicals without appropriate safety measures, information and training. Unsurprisingly, the level of accidents and illness is high, accounting for half of the global total. Yet, rural workers are among the least well protected in terms of access to basic health services, workers' compensation, long-term disability insurance and survivors' benefits. Poverty and dependency are the plight of those who grow too old to work, since pension schemes rarely cover the rural population in developing countries. Innovative thinking is required to extend coverage to those at risk of falling into poverty as well as to those prevented by poverty from participating fully in economic and social life. These issues are more fully discussed in Chapter 5.

Rights at work

87. Fundamental principles and rights at work apply to all. They ensure freedom of association, the right to collective bargaining, the elimination of child labour, the abolition of forced labour and non-discrimination in the world of work. In the rural world, however, even fundamental rights are often denied. This is seen in the violence perpetrated against those who organize and represent the rural poor, in the high levels of child labour in agriculture, estimated at 70 per cent of the global total, in the perpetuation of bonded labour practices from one generation to the next, and in unequal treatment before the law.

88. Much rural work is currently ungoverned by national labour law. Absence of an employment contract results in exclusion from the protection of the labour code. Lack of minimum wage rates and competition for paid work under any conditions leave the rural working poor – poor. The multiple aspects of poverty that affect them – the lack of access to safe drinking water, sanitation, health services and basic education – not only raise important human rights issues, but also reduce the capacity of the rural poor to work their way out of poverty.

89. International labour standards provide policy guidance as to the type of legal framework that supports decent work. While economic forces tend to favour some to the

detiment of others, social policy measures derived from international labour standards can help redress the balance by widening opportunities for productive employment, increasing access to public goods and services, providing fairer access to resources and promoting greater participation in decision-making. International labour standards of particular interest to the rural sector are highlighted in Chapter 6.

Social dialogue

90. It is through social dialogue that governments, employers and workers are able to voice their concerns, participate in decision-making and improve governance in the world of work. In rural areas, closing the representational gap is crucial to addressing the inadequate legal and social protection, lack of access to productive assets, and lack of public services from which they suffer. This may require innovative approaches to organization and representation in order to suit rural constituencies. New methods may be needed to increase economic capabilities and strengthen voice, to defend rights and to generate and transfer sufficient resources to provide social protection. Government policies can support or hinder collective representation and social dialogue, but the formation and unimpeded functioning of representative organizations are critical to the success of social dialogue. Workers' and employers' organizations have a role to play in defending the right of all workers and employers to organize and to join organizations of their own choosing so that institutions of social dialogue can address decent work deficits in rural areas. Chapter 7 addresses governance issues and social dialogue in rural areas.

Towards decent work in rural areas

91. In summary, agriculture continues to provide a major source of income for most rural households in developing countries, although in many instances, small-scale farming is only part of a diversified livelihood strategy, which combines on- and off-farm waged work, service activities and remittances. Earnings from agricultural wage labour are low and volatile and opportunities for regular employment appear to be in decline as workers are increasingly engaged on a casual or temporary basis. Decent work deficits in rural employment need to be addressed urgently as the rural population in developing countries will continue to grow, in absolute terms, for another generation.

Chapter 4

Generating more and better jobs through sustainable rural growth

The importance of growth and employment

92. Evidence consistently shows that agricultural growth is highly effective in reducing poverty, not least because so many of the world's poor live in rural areas and in low-income countries, where agriculture typically constitutes both a large share of gross domestic product (GDP) and employment. Large numbers of poor people depend either directly or indirectly on agriculture for their livelihoods. Agricultural growth reduces poverty by raising incomes and employment and by reducing food prices. Historically, agricultural growth has been the precursor to industrial growth in Europe and, more recently, in parts of Asia. Agricultural growth runs in parallel with the structural transformation of economies that, somewhat paradoxically, is normally associated with a decline in the share of agriculture in GDP. However, the labour share in agriculture typically declines at a much slower rate than the share of agriculture in national GDP.

93. Agricultural growth has strong linkages to other economic sectors, most obviously to agro-processing and food marketing and to the demand for intermediate inputs and services. However, agricultural growth also has much broader linkages or multipliers and allows poor countries to diversify their economies to sectors where growth may be faster and where labour productivity and wages are typically higher. Where agricultural productivity has grown slowly, as in many parts of sub-Saharan Africa, non-farm activities have also tended to grow slowly and to offer low wages. Creating jobs and livelihoods outside agriculture is vital to both rural and urban areas and to poverty reduction generally. Thus, generating more and better jobs through growth in rural areas must involve policies targeted at both on-farm and off-farm employment.

Box 4.1 Women in agriculture

Women are responsible for over half the world's food production. In developing countries, rural women produce between 60–80 per cent of the food and are usually also the main producers of the world's principal staple crops, i.e. rice, wheat and maize. Women are even more dominant in the production of vegetables on small plots, and the husbandry of small animals. They are often accompanied by their children and so it is not surprising that around 70 per cent of all child labourers are in agriculture.

FAO figures indicate that women provide up to 90 per cent of rice cultivation in South-East Asia and produce as much as 80 per cent of basic foodstuffs for household consumption and for sale in sub-Saharan Africa. Overall, women provide up to 90 per cent of the rural poor's food intake.

Rural women often benefit from increased employment through export-oriented agriculture, such as cut flowers and fresh fruit and vegetables, although these jobs are often temporary or seasonal. For example, in Chile, women represent 52 per cent of all temporary and seasonal employees and only 5 per cent of all long-term employees.

Source: FAO. "Gender and food security", web site fact sheet.

FAO-ILO-IUF: *Agriculture workers and their contribution to sustainable agriculture and rural development* (Geneva, 2005).

94. There is no one-size-fits-all solution to the design and implementation of policies to promote rural employment, but generating more and better quality jobs in rural areas is predicated on economic growth. Even though the relationships between growth and job creation (employment intensity of growth) and growth and poverty reduction are complex and far from automatic, a high growth rate creates a more favourable environment to achieve employment and poverty reduction objectives, including in rural areas. By providing more resources overall, economic growth widens opportunities for decent work, makes economic choices and adjustment processes less painful and, especially in developing countries, enhances opportunities to facilitate the transition from the informal to the formal economy. However, economic growth is a necessary but not sufficient condition for promoting rural employment and poverty reduction. Although for many of the poorest countries, the fundamental issue is simply to achieve growth, it is important to remember that the pattern and distribution of growth will determine the degree to which it translates into job creation and poverty reduction.

95. There are many drivers of growth but the principal ones are capital investment, human capital development, expanding markets through trade and economic integration and good governance. An effective growth strategy requires policies in each of these areas. This calls for policy coordination and coherence across a range of institutions and areas. Particular attention needs to be paid to increasing productivity, improving domestic market integration, as well as access to foreign markets and promoting the diversification of income and employment opportunities in rural areas.

96. Sound and stable macroeconomic policy and good management of the economy is essential. Monetary, fiscal and exchange-rate policies should guarantee stable and predictable economic conditions. Sound economic management should balance the twin objectives of creating more and better jobs with combating inflation and providing for policies and regulations that stimulate long-term productive investment. Attention should also be given to increasing aggregate demand as a source of economic growth, contingent on national conditions.

97. Growth and poverty reduction are undermined when public expenditure management and taxation are weak and when the fiscal deficit and public debt are not well managed. Good fiscal policy can raise economic growth through well-chosen public investments. Growth itself increases the tax base generating the potential for higher public spending on, for example, rural development and poverty reduction. Poverty reduction in rural areas is predicated on an appropriate fiscal system which enables governments to improve equity, efficiency and social inclusion.

98. Growth in agriculture and in rural areas more generally depends on investments in essential public goods such as physical infrastructure like roads, ports and telecommunications, in agricultural research and extension and in public health and education. In most developing countries, public (and private) investment in rural areas is very low. In sub-Saharan Africa, for example, levels of agricultural spending are simply insufficient for sustained growth. In many countries – not just in Africa – inefficiency and inequitable subsidies crowd out investments in core public goods and services. Thus, underinvestment in agriculture is often further compounded by misinvestment, including

provision of input subsidies and transfers that effectively serve to benefit richer farmers (even when they are typically designed to benefit poorer groups).

99. There are strong welfare arguments for helping those who stand to lose or are most vulnerable to structural change or shocks to their livelihoods. Public policies and funding may be required to overcome market failures, offset the fixed costs of providing public infrastructure and reduce risks. Thus, a reform agenda is required in many countries to promote more and better quality expenditure and investment in rural areas. This requires “improved budgetary processes aligned to well-articulated agricultural strategies. Greater public disclosure and transparency of budget allocation and impacts are needed to mobilize political support for budgetary reform”.¹

Box 4.2
Ecosystems, agriculture and food security

The impact of climate change will be felt most strongly in developing countries. The Fourth Intergovernmental Panel on Climate Change (IPCC) report notes that sub-Saharan Africa – where food typically makes up more than 60 per cent of the consumption basket – is especially vulnerable to climate change with agricultural yields expected to fall by up to 50 per cent in some countries and between 75 and 250 million people exposed to increased water stress by 2020 compared to 1990 levels.

Even without climate change, African agriculture faces serious challenges with land degradation, low productivity, inadequate investment and out migration. Climate modelling has highlighted the massive potential impact on agricultural growing seasons across Africa. This highlights the hotspots of the Sahel, the rangeland systems of eastern Africa and the agro-systems in the Great Lakes region. A specific example of the potential effects of climate change on the poor is that a 2° increase in temperature would render much of Uganda unsuitable for robusta coffee cultivation – which is widely credited with being the primary driving force behind Uganda's success in reducing poverty in the 1990s.

Cropping intensity in the developing world will need to increase by 15–20 per cent by 2050 to achieve the projected 2 per cent per annum growth in global food production required to feed growing populations. Constraints on agricultural productivity are poor soils, limited water, misuse of agricultural inputs (pesticides, herbicides and inorganic fertilisers), temperature limitations and steep slopes.

Food insecurity can be addressed by greater application of high-yielding varieties, more diversification to new crops and investment in rural infrastructure and technology, which needs to be readily accessible to poor farmers. Increasing reliance on biotechnologies, desalination, irrigation, synthetic food and use of species adapted for harsh conditions may drive food prices higher, again hurting the poor and driving up inequalities.

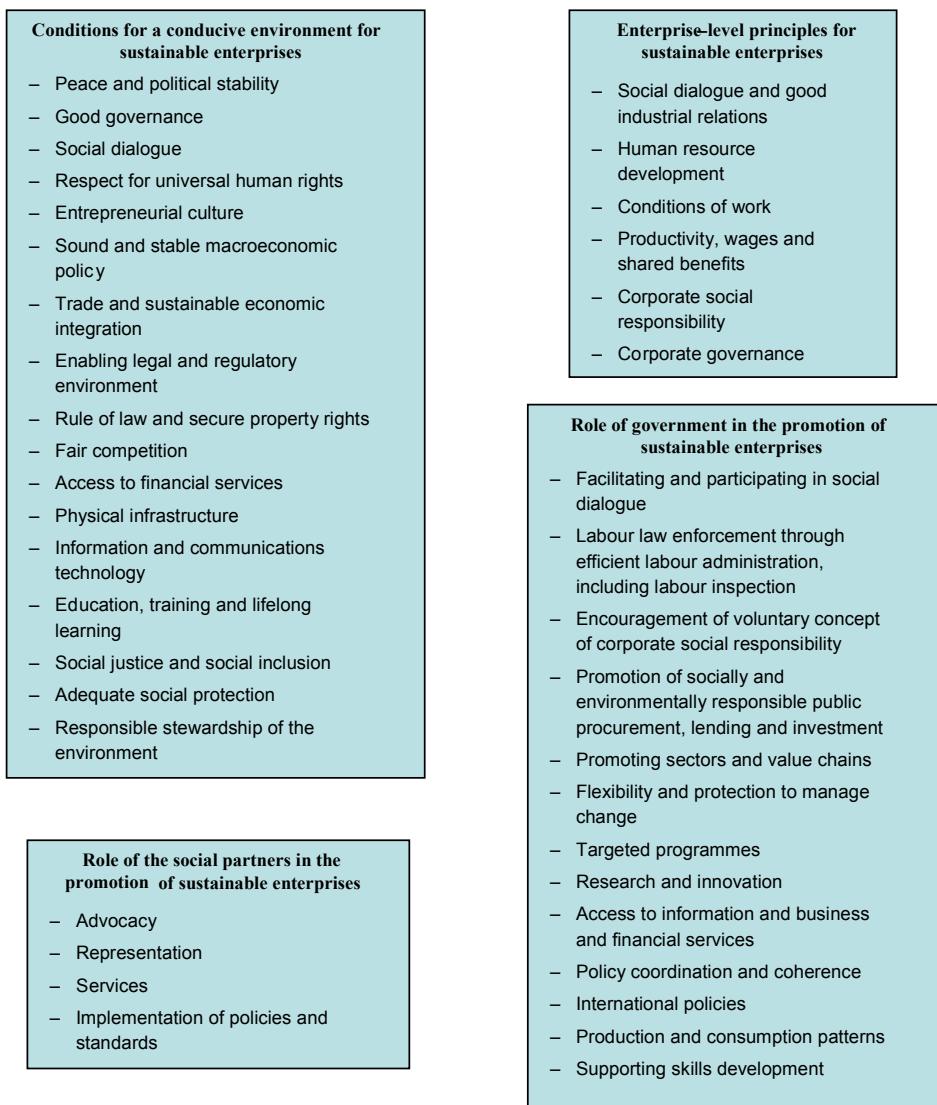
Source: Fourth Assessment Report, IPCC, November 2007; ODI 2007 Source Book on Development Related Trends.

100. National development strategies, including poverty reduction strategies and national employment frameworks, should embrace agriculture and the rural economy both in terms of developing policies to stimulate growth in rural communities and of assessing the impact of policies on rural areas. The challenge is to determine what policies to put in place to promote pro-poor growth in rural areas: growth that is sustainable, friendly to the environment, that increases living standards for the present and for future generations, and that is inclusive, shared equitably, with more social justice and solidarity. This is the type of growth embedded in the ILO's GEA.

¹ World Bank: *More and better investment in agriculture, World Development Report 2008 Policy Brief* (Washington, DC, 2007).

101. An important elaboration of a central component of the GEA was the ILC 2007 conclusions of the promotion of sustainable enterprises which agreed framework conditions for a conducive environment as well as enterprise-level principles and guidelines on the role of governments and social partners in the promotion of sustainable enterprises (see figure 4.1).² Sustainable enterprises include both on- and off-farm enterprises.

Figure 4.1. Conclusions of the promotion of sustainable enterprises, International Labour Conference 2007



Source: ILO: *The promotion of sustainable enterprises* (Geneva, 2007).

² Conclusions concerning the promotion of sustainable enterprises, International Labour Conference, June 2007, (Geneva, ILO, 2007).

The importance of off-farm income and employment

102. While agriculture is a source of livelihood for an estimated 86 per cent of rural women and men and provides jobs for 1.3 billion smallholders and landless workers,³ agriculture alone cannot alleviate rural poverty. Rural off-farm employment is vital. In all rural communities, the promotion of sustainable off-farm enterprises is necessary to generate more and better jobs. There is a substantial body of research and evidence showing the importance of non-farm enterprises as engines of rural development and their role in income growth and poverty reduction.⁴ Increases in non-farm employment opportunities imply a potential reduction in the supply of agricultural labourers, thereby increasing wages. So, policy measures that encourage non-farm employment are likely to generate spillover benefits to rural labourers.⁵

103. Diversifying into non-farm incomes can be an important survival mechanism for rural households, especially landless households that otherwise would have to rely on casual agricultural wage employment. However, the demand for rural wage labourers and wage rates are obviously affected by the seasonality of production, with the demand for labour highest at harvest. Environmental fluctuations also cause uncertainties in agricultural incomes. For example, in India, an analysis of 257 districts from 1956 to 1987 showed that wages are very sensitive to rainfall shocks.⁶ This will be compounded by climate change, which has increased the risks of unpredictable weather cycles.

104. In many developing economies, non-farm activities have traditionally constituted a relatively low-productivity supplementary activity that households undertake to diversify their income sources and insure themselves against shocks to their agricultural income. However, off-farm activities are increasingly important in many rural societies not just to complement or supplement on-farm activities but as sources of strong income and employment growth. This is especially true for rural regions that enjoy high levels of physical infrastructure and human capital. Indeed, rural non-farm enterprises are likely to perform better in more densely populated areas, where demand is higher and where there are economies of agglomeration, while they are likely to be constrained by low market demand in areas with low population densities, dispersed populations and in areas where liquidity is limited by high rates of poverty. Generally, rural non-farm employment is of growing importance to the livelihoods of rural households.

105. Evidence suggests that the development of rural small and medium enterprises is likely to be pro-poor, as they tend to be labour-intensive in nature, reducing unemployment, helping to smooth income seasonally and bidding up local wages. They tend to generate more employment per unit of capital than big firms and typically produce goods and services that are affordable to the poor, thereby increasing their access to goods and services which otherwise might not be available to them.⁷ However,

³ World Bank: *World Development Report 2008: Agriculture for development – Overview* (Washington, DC, 2007).

⁴ See, for example: J.W. Mellor and U. Lele: "Growth linkages of the new food grain technologies", in *Indian Journal of Agricultural Economics*, Vol. 28, No. 1, pp. 35–55 (1973); A.D Foster and M.R. Rosenzweig: "Agricultural productivity growth, rural economic diversity and, economic reforms: India 1970–2000", in *Economic Development and Cultural Change*, Vol. 52, No. 3 (2004); World Bank: *The rural investment climate: It differs and it matters* (Washington, DC, 2006).

⁵ World Bank: *World Development Report 2008*, op. cit.

⁶ World Bank: *World Development Report 2008*, op. cit.

⁷ J. Lanjouw and P. Lanjouw: "The rural non-farm sector: Issues and evidence from developing countries", in *Agricultural Economics*, Vol. 26, No. 1, 2001.

it is retailing rather than manufacturing that typically constitutes by far the largest share of off-farm income-generating activities.

Box 4.3
Cooperative forms of enterprise and the promotion of rural employment and poverty reduction

Cooperatives play an important role in rural areas both as enterprises and as membership-based organizations. Cooperatives take a variety of forms including: consumer cooperatives, producer cooperatives and worker cooperatives and operate in a wide range of sectors. Globally, cooperatives employ around 100 million people, many of whom live in rural areas. More than 50 per cent of global agricultural output is marketed through cooperatives. Cooperatives often play a key role in certain sectors such as rural finance and community tourism.¹ Furthermore, many cooperative enterprises allow rural people to have a voice in policy matters. Cooperative values and principles are likely to be especially important in the rural context (self-help, self-responsibility, democracy, equality, equity, and solidarity) as are the key ethical values of cooperatives (honesty, openness, social responsibility and the principle of caring for their members and their communities).

¹ See www.redturs.org , a network of indigenous tourism destinations in Latin America.

106. It is important to assess the impact of rural non-farm employment on poverty reduction and gender relations. For example, there is evidence to suggest that rural non-farm activities are more often undertaken by the better-off members of a rural community (studies have shown that wealthier households in rural areas have a higher share of income from non-farm activities).⁸ In most countries men appear to dominate non-agricultural employment and in some countries this leads to the “feminization of the agricultural workforce”.⁹

Systemic competitiveness: The key to generating more and better jobs both on- and off-farm

107. Making rural economies more competitive requires increasing agricultural and off-farm productivity and enhancing access to domestic and international markets. There are many dimensions to improving rural competitiveness (figure 4.2) including factors largely internal to the enterprise or farm activities and those more external or structural factors such as macroeconomic policies, trade policies and the investment climate.¹⁰ Obviously, the particular factors driving growth or constraining it will be context specific. Smallholders, for example, may lack access to key inputs and services and be constrained by weak human capacity and inappropriate technologies which limit their capacity to diversify production into higher-value products. Larger producers targeting export markets, for example, may find themselves competing in markets which are increasingly demanding in terms of quality and food safety and distorted by developed countries’ agricultural subsidies or trade barriers.

108. In some poor countries there may well be growth potential for small producers in the food staples sector. This will have the effect of raising incomes and reducing food prices. However, even producers of traditional food staples are likely to have to compete

⁸ B. Panda et al.: *Some issues in rural labor markets* (Rome, FAO, mimeo, 2007).

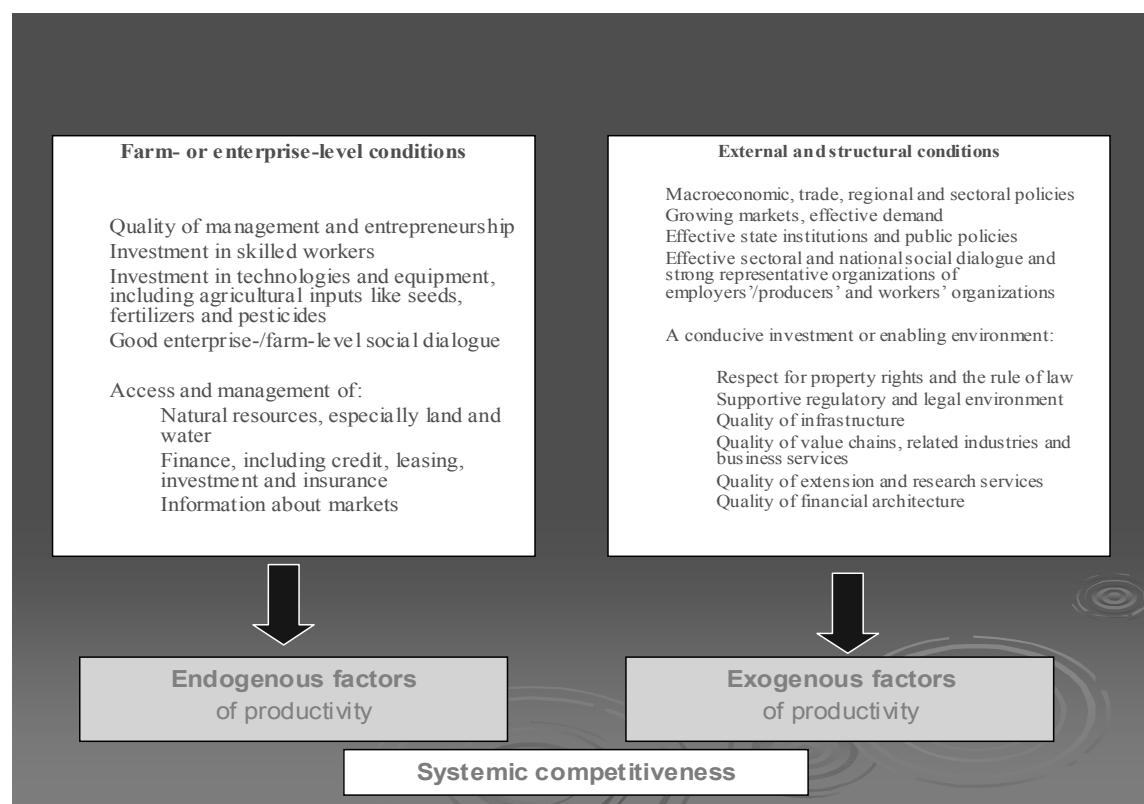
⁹ P. Hurst et al.: *Agricultural workers and their contribution to sustainable agriculture and rural development* (FAO–ILO–IUF, 2005.)

¹⁰ ILO: “Why agriculture still matters” in *World Employment Report 2004–05*, Ch. 3 (Geneva, 2005).

against cheap food imports from abroad. In less poor countries, opportunities for growth in food staples are likely to be more limited and growth is more likely to be linked to demand for livestock feed or exports than to domestic consumption of staples. In this case, the emphasis is likely to be on diversifying rural economies to include more off-farm activities and to non-traditional high-value agriculture such as horticulture, which can be labour intensive and generate substantial employment. For example, from a low base, Ethiopia has emerged as a major exporter of cut flowers in recent years and in the process has created about 50,000 new jobs.¹¹ Other countries, such as Ecuador, Colombia and Costa Rica, have also experienced rapid growth in the cut flowers export market. Growth potential may also exist in niche markets such as organic or ethically sourced products.

109. However, because of the particular nature and characteristics of rural labour markets, market forces alone are likely to lead to outcomes which are not pro-poor and which, in fact, disproportionately benefit larger and commercially oriented producers and those with good connections to markets and infrastructure. Hence, pro-poor growth in rural areas is likely to warrant active policies to ensure equitable outcomes in terms of decent work opportunities for all, including for disadvantaged or marginalized groups such as women or ethnic minorities. This will entail policies to support smallholders and to strengthen producer organizations so that farmers can achieve economies of scale in production and marketing and upgrade their technical capacities. Where commercial agriculture dominates, fair and efficient labour markets are fundamental to reducing rural poverty.

Figure 4.2. What determines or affects rural productivity?



¹¹ *The Economist*, "Briefing: Ethiopia", 3–9 Nov. 2007.

110. Improved labour productivity (through improving the skills of workers) and improved land productivity (through better irrigation, soil fertility and improved seed varieties) are key to pro-poor and pro-decent work agricultural growth. The relationship between labour and land productivity is critical and will vary depending on factors such as natural resource endowments, type of farming system, geographical location and levels of economic development. For example, smallholders typically exploit labour using technologies that increase yields and hence also increase land productivity and they may use labour-intensive rather than capital-intensive methods. Thus, in this case, land and capital productivity is likely to be higher but labour productivity lower than in larger production units. In contrast, some types of modern commercial farming place emphasis on capital-intensive production and on labour-saving technologies and thus, productivity improvements may not lead to significant employment growth, although they may lead to increased wages and better living conditions for the workers in such establishments.

111. Generally, in the early stages of growth, both land and labour productivity must rise in order to reduce poverty but land productivity must rise faster in order to create additional employment on farms that benefits the poor and, in turn, stimulates demand for non-farm goods and services. For innovation to benefit farmers, it must stimulate the demand for their produce by reducing food prices but it must also reduce the costs of production by a greater amount. In later stages of growth, as employment opportunities outside agriculture expand, labour is increasingly drawn away from agriculture and wage rates for agricultural work tend to rise. In order to maintain an affordable supply of food, it becomes more important to raise labour productivity, in the absence of which increasing food prices will jeopardize ongoing economic transformation.

112. Fostering systemic competitiveness in rural areas calls for public policies to ensure balanced and equitable development. Unless policies and investments are put in place to foster agricultural productivity, there is a danger that the decline of agriculture will be accompanied by increased rural poverty. At the same time, policies and programmes which increase the human capital of the rural poor and allow them to enter potentially more remunerative labour markets are powerful tools to facilitate diversification in rural areas and, where appropriate, to ensure a smooth transition of people out of agriculture without increasing poverty through unemployment or underemployment on the land.

The business environment and investment climate

113. Good governance is essential to create the conditions for generating more and better jobs through growth in rural areas. Good governance provides the framework for a conducive policy environment. This includes strengthening the capacity of support institutions including ministries of agriculture, producer and worker organizations, enhanced research and extension services. A key vehicle for reforming the business environment and investment climate is through public–private dialogues (PPD) and through social dialogue between government and representative bodies of producers/employers and workers. Dialogue should give voice to groups which are often excluded or marginalized such as smallholders, rural women and agricultural labourers. Freedom of association, the right to collective bargaining, elimination of discrimination at the workplace, the right to information and freedom of the press are all essential preconditions for the effective engagement of all stakeholders.

114. Rural markets can be made to work better by addressing the external constraints faced by agricultural and rural enterprises, including cooperatives. The investment climate reflects the many location-specific factors that shape the opportunities and

incentives for firms to invest productively, create jobs and expand. A good investment climate is not just about generating profits for enterprises – if that were the goal, the focus could be limited to minimizing costs and risks – it is also about improving outcomes for society as a whole. This includes reducing the potential negative impacts of some types of investment projects, such as in the case of displacement of poor people or investments which entail environmental degradation. This implies that some social and environmental as well as economic costs and risks need to be borne by enterprises. Competition plays a key role in spurring innovation and productivity and ensuring that the benefits of productivity improvements are shared with workers and consumers.

115. The business environment can be defined as those policies, laws, regulations and organizations that affect the performance of the agricultural and business sector. It includes the administration and enforcement mechanisms established to implement government policy, as well as the organizational arrangements that influence the way key actors operate (i.e., government agencies, regulatory authorities, business membership organizations, civil society organizations, trade unions, etc.). As illustrated in figure 4.1, the enabling environment comprises a large array of factors. The relative importance of these factors may vary at different stages of development and in different cultural and socio-economic contexts.¹²

116. A good business environment will support farmers and businesses of all types to invest and innovate and provides incentives for the creation of more and better jobs by:

- reducing business costs: to increase profits (and thereby investment and real wages) or increasing market share (and thereby output and employment);
- reducing policy risks: to reduce the cost of capital (and thereby increasing the number of attractive investments in the market);
- increasing competitive pressures through new entry: to stimulate the efficiency and innovating incentives of the market; and
- strengthening predictability by securing property rights and the rule of law.

117. Property rights and, in particular, land rights are an important dimension to the business environment in rural areas. In many countries insecure property rights, poor contract enforcement and other legal impediments limit economic performance and foment economic and social inefficiencies and inequities. Land reform and broader agrarian reform can promote smallholder engagement in markets, reduce inequalities, increase efficiency and enhance rural competitiveness.

118. New mechanisms to increase the security of property rights and facilitate land re-allocation will help improve rural incomes. Providing landowners or users with security against evictions enhances their competitiveness by encouraging land-related investments. Legally binding land ownership allows rural households to use land as collateral to obtain credit, which can be used to invest in non-farm enterprises: conversely, once a household relies primarily on non-farm activities for income, it can lease its land to others.

119. Over the last decade a number of African countries adopted new land laws to recognize customary tenure, make alternative (oral) forms of evidence on land rights admissible, strengthen women's land rights, and establish decentralized land institutions.

¹² Conclusions concerning the promotion of sustainable enterprises, International Labour Conference, June 2007, (Geneva, ILO, 2007).

With greater knowledge of such laws, land-related investments and productivity increased, as evidence from Uganda suggests.¹³

120. If the environment for doing business is volatile, precarious or constraining, then even with access to extension services and credit, farmers and business people will be discouraged from taking reasonable risks in, for example, hiring labour or investing in training or skills development of workers or in terms of maintaining acceptable standards of safety and health at the workplace. Experience indicates that a good business environment encourages investment and promotes higher levels of growth while inappropriate regulations, excessive red tape and bureaucratic obstacles, lengthy business registration procedures, ineffective safeguards of property rights, corruption and weak commercial justice systems constrain businesses, especially in poorer countries.¹⁴

Box 4.4
Engaging social partners in business services delivery
and business environment reform

The Business Development Services (BDS) project in Zambia seeks to improve access to information and markets for smallholder farmers and rural enterprises. In the period 2003–06, the project provided business advice and training to local community media and communications companies to make information and communication technology (ICT) services more relevant and practical for SMEs, especially those in rural areas. With the assistance of two sector-specific project advisory groups consisting of social partners from the government (Ministries of Agriculture, Commerce and Energy), labour (Congress of Trade Unions) and business (Federation of Employers), in the period 2006–07, the project focused on the socio-economic upgrading of value chains in the dairy and jatropha agriculture sub-sectors.

The social partner project advisory groups, which met three times a year, played a key role in assisting the project to influence the creation of an enabling small business environment through member involvement and participation in the formulation and review of relevant policies and regulations. The information services are playing a critical role in improving communication with and participation of SMEs on matters of small business policy and regulations, as well as improving the functioning of commodity and service markets. This links small producers and consumers to markets, promotes efficiencies in the delivery of goods and services and accelerates business competitiveness and good governance in Zambia.

Information: A vital resource

121. Information about markets is vital and among the range of policy tools which can be employed to promote rural employment are market information systems, including those on labour markets, which can improve rural labour market outcomes by assisting rural households in finding more and better employment and training opportunities. Market information systems can provide farmers and traders with timely and accurate prices, buyer contracts, buyer and producer profiles and trends, import regulations, standards specifications, and so forth. Market information systems have been facilitated

¹³ See World Bank: *World Development Report 2008*, op. cit.

¹⁴ See Donor Committee for Enterprise Development, Working Group on the Business Environment, at <http://www.sedonors.org/groups/group.asp?groupid=2> for a wide range of reports on this topic.

by the advances in communications technology and the liberalization of telecommunications and broadcasting.¹⁵

122. A key objective of labour market institutions is to provide regulations for the effective and equitable functioning of labour markets. Within broader labour codes, special provisions or legislation may be required to address the particular circumstances and challenges inherent to rural labour markets, as in the case of the United Kingdom's Gangmasters (Licensing) Act which was set up to avoid the exploitation of (mostly) migrant agricultural workers.¹⁶

Box 4.5
Information and advocacy: Using the media to make rural markets work better for poor people

The Small Enterprise Media in Africa (SEMA) project in Uganda has empowered the poor to advocate for their own business interests by supporting commercial small business radio programming. Nationally, 75 per cent of radio listeners tune in regularly to small business radio programmes and listenership among the poorest strata of the population is 65 per cent, equally divided between men and women. The shows provide valuable information, market linkages and advocacy services. The majority of listeners report that the shows are highly or quite beneficial to their businesses, with one third reporting that they have expanded their business as a result of putting into practice what they have learned from the radio.

In one case, the radio was used to highlight the exploitation of contract tobacco farmers supplying over 150 different buyers and graders who were deliberately misgrading the crops, fraudulently weighing the crops, exaggerating the inputs supplied or overcharging for the inputs. The radio programmes provided a vehicle for the contract farmers to voice their problems, and created public awareness that put pressure on the local government to act and reached the tobacco company management who actually had the power to act. Subsequently, the outgrower system was redesigned with a reduction from 152 buying centres to just four and with a new accent on transparency and consistency in weighing, grading and input provision. On average, about 47,000 contract farmers have seen their incomes from their tobacco crop increase more than fivefold.

Source: ILO project reports.

Rural finance for income and employment growth

123. Poor people in rural areas typically face a triple burden when it comes to finance. First, an inability, especially for women, to access credit on competitive terms to invest in their agricultural and off-farm income-generating activities means that their incomes and employment opportunities are constrained. A recent multi-country study found that in most countries surveyed, no more than about one in ten agricultural households had access to credit.¹⁷ Secondly, the rural poor are also likely to lack access to appropriate savings instruments, implying that their investments are put into less productive or more risky forms which may further reduce rural liquidity. Thirdly, without adequate access to risk reduction instruments (such as crop insurance) rural households are likely to

¹⁵ See, S.N. Meera et al.: Information and Communication Technology in agricultural development: A comparative analysis of three projects from India (ODI/AgREN Network Paper No. 135, Jan. 2004).

¹⁶ www.gla.gov.uk.

¹⁷ A. Zezza et al.: *Rural household access to assets and agrarian institutions: A cross-country comparison*, background paper for the *World Development Report 2008* (Washington, DC, World Bank, 2007).

withhold on innovation, on adopting new activities or expanding existing ones, even if they have adequate liquidity.

124. A number of factors constrain the development of rural finance markets such as the high transaction costs associated with dispersed populations and the seasonality of household income flows, which typically peak at harvest time but fall away at other times, making credit repayment which is not tied to seasonality factors a challenge for poor households. Another fundamental reason why rural finance and especially credit markets typically do not function well in rural areas is because land institutions and markets often do not work well in the sense that land titles – if they exist at all – are often not easily transferable and so cannot, or not easily, be used as collateral.

125. The situation regarding rural finance for poor people is a clear example of market failure. The situation is particularly serious in much of rural Africa where a combination of agricultural risk, scarce borrower information, cumbersome legal procedures and high transaction costs means that many financial service providers are reluctant to serve poor farmers and business people, leaving the market open to informal institutions and operators like traders and processors who may well be less scrupulous and supportive in the way they operate. This context provided the rationale for the state subsidized and targeted agricultural finance schemes which flourished in the 1970s and 1980s but which, with a few exceptions, turned out to be rather ineffective and inefficient.

126. In contrast, in more recent times, microfinance programmes (credit, savings and, to a lesser extent, microinsurance and leasing services) have expanded and proven powerful means for addressing rural poverty and for income generation in rural areas. Given the typical small size of loans and the nature of the activities financed, the employment effect of microfinance is generally seen in terms of self-employment and intra-household employment rather than on non-family waged employment. But microfinance is only one tool. Bringing financial services to rural communities implies the need for reforms that both broaden and deepen rural financial markets and this may justify government subsidy and guarantees (but not interest rate subsidies which should broadly reflect the cost of lending) in order to build the capacity of a range of different rural and agricultural finance providers.¹⁸

Education, skills and training

127. People in rural areas tend to be more disadvantaged in accessing education and training than people in urban areas. Girls and women are likely to be particularly disadvantaged. With respect to formal education in rural areas of poor countries, it is often a challenge to get skilled and motivated teachers to work in rural areas, especially if they are in remote locations; teaching materials and school infrastructure are often poor; and children themselves may live far from school or, for a variety of reasons, be discouraged from attending school. The result is that enrolment, completion and literacy rates all tend to be lower in rural areas than in urban areas, among rural women. Thus, poor-quality basic education, low levels of educational attainment and low levels of adult literacy hold back the generation of productive employment and poverty reduction in rural areas.

128. Improving basic education is essential and often a necessary condition for other programmes and policies targeted at improving skills and knowledge in rural areas and

¹⁸ See “Good practice guidelines for funders of microfinance” and “Microfinance consensus guidelines” at www.cgap.org for best practices in microfinance.

for making the most of vocational and technical training opportunities. Education may also be the most important variable for entry into the non-farm economy. Evidence from China and India indicates that better education enables rural workers to find high-paying non-farm employment, whereas a lack of education tends to force them into agricultural employment or low-wage non-farm employment at best.¹⁹ Generally, schooling is positively and significantly associated with participation in rural non-agricultural wage employment, and negatively related to participation in agricultural activities in most countries.²⁰

129. A key factor for accelerating productivity growth is the availability of workers with appropriate skills. Strengthening human capital facilitates the transfer, adaptation, absorption and dissemination of technologies that accompany investment and technological change in rural areas. Of great importance are the quality and accessibility of training and learning opportunities for rural people, as well as the relevance of the training to labour market needs. In addition to improvements in human capital, good working conditions, innovations in work organization, continuous workplace learning, good labour-management relations and respect for workers' rights, are important ways of raising productivity and promoting decent work.

130. Rural skills development, including extension services and promoting technological change in rural areas, is also vital for enhancing food security and protecting the environment. More and better technical vocational education and training (TVET) oriented to both on-farm and off-farm activities and aligned with market-based outcomes and market demand, is vital to enhance rural productivity and competitiveness. However, many of the obstacles to achieving more and better quality schooling in rural areas (such as dispersed populations, poor infrastructure, perceived or actual returns to schooling and so forth) also inhibit the development of more and better TVET. Also, all too often, TVET policies tend to be gender biased, focusing on men more than women.

131. Given that changing patterns and organization of work in rural areas and the use of new technology create different demands for skills, there is often a critical need for reform and reorientation of national training policies and systems and for the upgrading of traditional (and typically informal) apprenticeships. Greater involvement of the private sector in skills development is necessary, both in the delivery of training as well as in the delivery of extension services. Increasing the productivity of rural workers may require greater emphasis on linking formal with informal training, recognizing acquired skills, and finding new ways to expand skills and entrepreneurship training for the informal economy.

132. Successful diversification of rural livelihoods requires investment in human capital. This includes encouraging entrepreneurship, especially among women and young people, and building the capacity of individual enterprises through training programmes such as the Small Enterprise Programme's Start and Improve Your Business (SIYB) range of tools, and the Training for Rural Economic Empowerment Programme (TREE), a community-based training methodology. Such tools require the development of business service providers, the provision and coordination of extension services in rural areas and skills development programmes specifically targeted at rural areas. They also need to be customized to take into account that levels of basic education and literacy are typically lowest in rural areas.

¹⁹ World Bank: *World Development Report 2008*, op. cit.

²⁰ A. Zezza et al.: op. cit.

Attracting employment-friendly public investment into rural areas

133. Investment in physical infrastructure including, where appropriate, through Public Private Partnerships, is vital for making rural markets work better and for generating employment opportunities in rural areas.²¹ It is important to distinguish the employment effects of investment and to plan investment so as to capitalize on the comparative advantages of both rural and urban areas to optimize the spatial and regional dimensions of these employment impacts. This implies the need for systematic employment-impact assessments of public investment programmes. Such employment impact assessments can then be a concrete first step for optimizing and increasing the employment impact of investment decisions.

134. Infrastructure investment for rural employment should strengthen rural-urban linkages by helping rural producers (especially of agricultural or perishable goods) to get their products to market in a timely fashion. Difficult market access restricts opportunities for income generation. Remoteness increases uncertainty, reduces choice and results in restricted marketing opportunities, reduced farm gate prices and increased input costs. It also exacerbates the problem of post-harvest losses. Good transportation infrastructure also helps to get rural goods and services into potentially lucrative global markets.

135. A wide variety of infrastructure can directly support agricultural productivity and lend itself to implementation using labour-based methods. Such infrastructure includes feeder roads, irrigation, land reclamation, erosion control, small water-retaining earth dams and reforestation, among others. These categories of infrastructure are also likely to be environmentally friendly but they require strong collaboration between the public and private sectors. Investment-driven rural employment strategies should identify the respective roles of the public and private sectors: they should not be inflationary; they should not interfere with the micro-decisions of individual firms; they should not rely on the “fine-tuning” of the aggregate demand approach; they should be consistent with the premise that, to the extent possible, socially productive work is preferable to income maintenance; and they should not replace existing jobs.²²

136. The ILO has a wide range of experience in supporting integrated rural development programmes, through its Special Public Works Programme in the 1970s and 1980s, and its Integrated Rural Community Access projects, which supported government strategies to address disequilibrium between rural and urban labour productivities. Such programmes can have a multiplier effect by injecting wages and sources of new demand into rural areas. As well as being labour-intensive and local-resource based, they also improve the productivity of agricultural workers.

137. One avenue for employment creation which is gaining renewed interest, especially for rural areas is that of government-sponsored employment guarantee schemes, in which the Government acts as employer of last resort.²³ While the public sector takes responsibility for funding and oversight, such programmes can provide new

²¹ The importance of infrastructure for development is highlighted in a recent World Bank review of its infrastructure lending over the past 20 years. It concluded that its expectations regarding private sector funding and management of infrastructure investments were overoptimistic. See *Infrastructure at the crossroads: Lessons from 20 years of World Bank experience* (Washington, DC, World Bank, 2006).

²² See D. Papadimitriou: *Direct job creation – The international experience*, presentation at the 12th Regional Seminar for Labour-Intensive Construction, Durban, South Africa, 8–12 October 2007.

²³ For more background on the employer of last resort concept, see: www.economistsforfullemployment.org.

opportunities for private-sector involvement in direct job creation and can put in place much needed economic and social infrastructure, and therefore help support a sound investment climate and decrease the cost of doing business. Recent research indicates that an employment guarantee or employer of last resort programme can be put in place for between 1 and 2 per cent of GDP.²⁴ One of the most well-known programmes of this type is the one established by the Indian National Rural Employment Guarantee Act through which, as a legal right to work, every rural citizen able to meet means-testing requirements has the right to 100 days of remunerated, productive and socially or economically useful employment per annum. Such programmes can be seen as a concrete measure which governments can take, in close consultation with social partners, to implement a policy of full, productive and freely chosen employment, as called for in the Employment Policy Convention, 1964 (No. 122).

Box 4.6
Public investment and employment generation

In Madagascar, the ILO is helping constituents align the political priorities for job creation with the public investment programmes being implemented by its line technical ministries and departments. A model has been developed to help technical ministries simulate the comparative impact of public investment resources allocated for infrastructure development according to different scenarios based on the relative labour-capital ratio. The results of this simulation then help the line ministries present their investment proposals to the Ministry of Finance in a manner which combines job creation with other criteria normally applied to investment decisions.

The results of such a simulation, carried out in Cameroon,¹ showed that an injection of the equivalent of 30 billion CFA francs of investment resources² into labour-based rural road construction and maintenance would result in the direct creation of the equivalent of more than 18,000 full-time jobs, as compared with only 2,000 for equipment-based methods. Moreover, given the multipliers created through upstream and downstream linkages (1.7 for labour-based as compared with 0.08 for equipment-based), the overall employment creation would be 62,000 as opposed to 39,000. Re-allocating such investments towards high-quality labour-based methods, when compared with the impact of equivalent investments carried out with traditional equipment-based methods, could more than double the impact on GDP, improve household consumption and income by 39 and 47 per cent, respectively and have positive impacts on government fiscal revenues, current account deficits and other macroeconomic indicators.

¹ See S. Yemene, "Evaluer l'Impact des Investissements HIMO: Le Cas du Cameroun", International Labour Office, presented at the 12th Regional Seminar for Labour-Based Practitioners, Durban, South Africa, October 2007. ² The equivalent of US\$63.6 million or roughly the amount which the Government of Cameroon spends annually on rehabilitating its rural road network.

Agriculture, trade and sustainable economic integration

138. Given that two-thirds of the world's agricultural value added is created in developing countries, relatively significant gains in income, employment and poverty reduction can be made from trade reform. But agriculture is at the heart of many of the most complex and difficult trade reform negotiations.²⁵ The liberalization of trade

²⁴ For research and operational experience with employment guarantee programmes, see the Proceedings of the Conference on Employment Guarantee Policies: Theory and Practice, organized by the Levy Economics Institute of Bard College in October 2006 (<http://estes1.levy.org/vdoc.aspx?docid=856&eveType=2>).

²⁵ A.F. McCalla and J. Nash: *Reforming agricultural trade for developing countries* (Washington, DC, World Bank, 2007).

requires the removal of trade-distorting policies. These include export subsidies and limiting market access through import tariffs, quotas and non-tariff barriers that protect local producers from competing imports.²⁶ The World Development Report 2008 warns that: “The economic and social costs of today’s trade, price and subsidy policies in world agriculture are large. They depress international commodity prices by about 5 per cent on average (much more for some commodities) and suppress agricultural output growth in developing countries. They consume a large share of the government budget and distract from growth-enhancing investments.” Agricultural tariffs and subsidies in developed countries alone cost developing countries the equivalent of about five times the current level of overseas development assistance to agriculture.²⁷

139. Agricultural subsidies and tariffs on rice and sugar, aggregated across all countries, are estimated to account for 20 per cent and 18 per cent, respectively, of the global costs of all agricultural trade policies – the highest of all commodities. Although the equivalent global cost of cotton subsidies and tariffs is much smaller, the absolute cost to developing countries is large, an estimated US\$283 million a year.²⁸ However, there have been some recent changes to rice, sugar and cotton policies in Japan, the EU and the United States respectively, all at an early stage of implementation.²⁹ There have also been initiatives taken to facilitate market access for goods imported from some developing countries. In addition to the troubled Doha Development Round of trade negotiations – where discussions concerning agricultural trade have proved particularly contentious – other examples include the Africa Growth and Opportunity Act (AGOA) of the United States and the European Union “Everything but Arms” agreement which allows for duty-free and quota-free access to its markets for UN Least Developed Countries – although it excludes services and has delayed the opening of sensitive markets for bananas, rice and sugar.

140. The liberalization of agricultural trade has the potential to improve the livelihoods of rural households. According to a 2006 World Bank study, full trade liberalization is estimated to increase international commodity prices on average by 5.5 per cent for primary agricultural products and 1.3 per cent for processed foods. Developing countries are estimated to gain 9 percentage points in their share of global agricultural exports. But these aggregate results hide big differences across commodities, according to types of production system and between countries. The largest estimated price increases are for cotton and oilseeds, with significant estimated trade share gains to countries exporting these products.³⁰

141. The removal of trade-distorting agricultural policies in developed countries has mixed terms-of-trade effects on developing countries. Terms of trade improve for developing countries exporting commodities currently protected in developed countries, but worsen for net importers of these commodities, i.e. trade liberalization that raises the price of food will hurt net buyers (such as Bolivia and Bangladesh) while benefiting net

²⁶ World Bank: *World Development Report 2008: Agriculture for development* (Washington, DC, 2007).

²⁷ World Bank: *World Development Report 2008, op. cit.*

²⁸ Countries which are particularly dependent on a narrow export base are likely to be the most adversely affected. See, for example: *Pricing farmers out of cotton: The costs of World Bank reforms in Mali*, Oxfam Briefing Paper 99, Mar. 2007.

²⁹ World Bank: *World Development Report 2008, op. cit.*

³⁰ Developing countries’ share of exports is estimated to increase from 55 per cent to 82 per cent for oilseeds and from 49 per cent to 83 per cent for cotton. West African cotton exports are estimated to increase by 60 per cent. Removing United States cotton subsidies alone is estimated to increase the incomes of West African cotton producers by 8 to 20 per cent. World Bank: *World Development Report 2008, op. cit.*

sellers (such as Cambodia and Viet Nam). ³¹ Similarly, the poverty effect of price changes from agricultural trade reforms will depend on where the poor are, what they do for a living and what they consume.

142. Developing countries have seen their absolute share in world agricultural exports decline from 40 per cent in 1960 to 30 per cent in 2005.³² Many traditional agricultural commodities, including coffee, cocoa and tea, sugar and textile fibres, have experienced significant declines: between 1982 and 2001 the price index of traditional commodities declined by 47 per cent and real prices for tea, coffee, cocoa, sugar and bananas are expected to remain stagnant at least until 2010.³³ These price declines are linked to problems of oversupply, low-demand elasticities and, in the case of a protected product like sugar, to expanded production in industrial countries.³⁴ However, there has recently been a rise in food prices for certain commodities (see box 4.7).

143. Many farmers in developing countries are faced with adverse conditions and an uneven playing field stemming from differences in conditions such as the quality and quantity of land and other agro-ecological resources and access to technology, inputs and equipment, finance, and other ancillary services. Globalization has accentuated the challenge of global competition whereby farmers from many different parts of the world, facing very different production conditions, become, willingly or not, part of the same market, with their products open to the same world price discipline. Such competitive pressures tend to hit mostly farmers from developing countries with low labour productivity. This is a competitiveness issue separate from, but amplified by, the inequity that these farmers may face from the farm protection systems of OECD countries (and is further exacerbated by the erosion of trade preferences and the phasing out of commodity agreements). Policies that seek to improve the “initial conditions” of poorly endowed farmers and help them make as much as possible of these conditions would have a favourable effect on their competitive position.

Box 4.7
Globalizing natural resources: Poverty, food, fuel and climate change

Rising world energy prices have made food production more costly by increasing the energy costs of farming and have created a strong incentive for farmers to switch from food production to fuel production (such as maize for fuel rather than food markets). Furthermore, increased food consumption driven by strong growth in places like China and India and changing consumption patterns such as rising meat consumption (which requires higher volumes of animal feed) have added to price pressures on world markets for food commodities. Finally, climate change is impacting on food supplies with recent climate-related disasters hitting global supplies of wheat, for example.

Globalization has brought markets closer and made them more interdependent. For example, with more maize and soybeans being used for fuels rather than food production in the United States, food supplies tighten and the price of staple foods made from maize (such as tortillas) in neighbouring countries may well rise. Clearly this has a significant effect on both levels of poverty and the distribution of resources.

¹ See “The End of Cheap Food”, in *The Economist*, 8 Dec. 2007.

³¹ World Bank: *World Development Report 2008*, op. cit.

³² FAO: *The state of food and agriculture in 2005* (Rome, 2005).

³³ B. Vorley: *Food, Inc. Corporate concentration from farm to consumer* (London, International Institute for Environment and Development (IIED) and UK Food Group, 2003).

³⁴ S. Best and I. Mamic: *Agri-food chains – Fresh fruit and vegetables: Key trends and issues* (Bangkok, ILO, 2007).

144. To address this challenge, consumption patterns will need to change and food production will need to rise, especially in poorer countries such as those in sub-Saharan Africa. However, if the policy of providing heavy subsidies to farmers in some rich countries for fuel production from maize and soybeans is not revised and more serious efforts are not made to develop long-term environmentally sound technologies to substitute for scarce oil and gas and for fuels produced from farmland then the world's poor will be hardest hit by the combination of rising world food prices and long-term climate change.

145. Although enhanced access to international markets is necessary to generate employment and reduce poverty in rural areas in the developing world, "the varying development levels of countries must be taken into account in lifting barriers to domestic and foreign markets ... trade integration can also lead to job dislocation, increased informality and growing income inequality (Thus) ... measures must be taken by governments, in consultation with the social partners, to better assess and address the employment and decent work impact of trade policies. Actions are also needed at regional and multilateral levels to remove trade distortions and to assist developing countries in building their capacity to export value added products, manage change and develop a competitive industrial base".³⁵

Expanding markets and employment through agricultural value chains³⁶

146. A value chain is a set of businesses and their interactions that bring a product (or service) from raw material to final consumer.³⁷ Vibrant value-chain systems grow and continuously incorporate new businesses, generating ever-increasing jobs, income and assets. In this manner, value-chain systems have significant potential to integrate farmers and rural enterprises into national and global production systems (in some countries there is considerable potential for growing urban food demand to drive increased agricultural production). Value chain development forms a core part of a range of private sector development strategies, from export promotion to local economic development and clustering strategies. At the heart of value-chain development is the effort to strengthen mutually beneficial linkages among enterprises so that they work together to take advantage of market opportunities.

147. Most value-chain initiatives work with a range of business types to strengthen both vertical linkages – among enterprises that buy from and sell to one another – and horizontal linkages – among enterprises that serve the same functions in the value chain. Positive outcomes occur when there is a strong market drive for linkages, strong investment from many enterprises in the chain and a market system in place to replicate improved models and practices. Clearly, a chain cannot be moved by pushing it; in order to move a chain, it has to be pulled. In this sense, a value-chain system will only develop if linked to strong consumer demand. Furthermore, value chains typically thrive when

³⁵ ILO: Report of the Committee on Sustainable Enterprises, *Provisional Record*, International Labour Conference, 96th Session Geneva, 2007, resolution, para. 11(7).

³⁶ See ILO: *Conclusions on the impact of global food chains on employment*, ILO Tripartite Meeting to Examine the Impact of Global Food Chains on Employment, Geneva, 24–27 September 2007.

³⁷ The ILO and UNIDO have been particularly active in developing resource tools and guides on value chain analysis. See, for example, ILO: *A guide for value chain analysis and upgrading* (Geneva, 2006); H. Schmitz: *Value chain analysis for policy-makers and practitioners* (Geneva, ILO, 2005); and UNIDO: *Integrating SMEs in global value chains – Towards partnership for development* (Vienna, 2001).

businesses in the chain come together to market themselves using a common competitive strategy.

148. Although global value chains do have the potential to generate quality employment, they can also be vehicles for passing on the costs and risks to the weakest links in the chain. Sometimes, under pressure from investors, among others, governments in poorer countries have allowed labour standards to be defined by the demands of supply chain flexibility, including easier hiring and firing, more short-term contracts, fewer benefits and longer periods of overtime which may bring short-term advantage for trade but at the risk of a long-term cost to society.³⁸ Also, women agricultural workers can be affected differently by the organization of production due to their limited ability to take advantage of existing opportunities or due to their disadvantages in terms of skills and access to knowledge among other factors. Thus, distinguishing the costs and benefits of value chains, and identifying how best to promote value chains which have the potential to nurture rural employment for all and reduce poverty levels requires careful analysis and a conducive policy framework.

149. Agricultural value chains can play a key role in generating employment and reducing poverty in rural areas. Fresh fruit and vegetables make up 17 per cent of world agricultural exports, and are among the largest and fastest growing of all traded agricultural products.³⁹ Compared to other agricultural sectors, trade protection for fruit and vegetables is much lower. The creation of the North American Free Trade Agreement (NAFTA), for example, stimulated massive growth in US imports of fresh fruit and vegetables from Mexico and Canada during the 1990s; Mexican growers' shipments of winter tomatoes grew from 28 per cent of the US market in 1991 to 42 per cent in 1997.⁴⁰ Horticulture is also more labour intensive than other food sectors, with many crops being hand-picked and processed. Consequently, many US and European traders have increased their sourcing and investment in production and processing activities in developing countries, where labour costs are lower.⁴¹

150. Trade in fresh fruit and vegetables has seen important success. For example, Kenya currently supplies 25 per cent of the world's green peas and together with Guatemala is the world leader in this market. However, exports are heavily concentrated amongst a handful of middle-income players in Latin America (Argentina, Chile and Mexico) and, increasingly, China. Chile, Costa Rica, Ecuador and Mexico account for 43 per cent of developing country exports of fresh fruit, while for fresh vegetables, 67 per cent of developing country exports come from just four suppliers: Argentina, China, Mexico and the Syrian Arab Republic.⁴²

151. Involvement in global value chains and the expansion of export trade has generally had a beneficial impact on employment in agriculture and off-farm work. Even if small farmers do not participate directly, they can benefit from increased farm employment

³⁸ K. Raworth: *Trading away our rights – Women working in global supply chains* (Oxford, Oxfam, 2004).

³⁹ See S. Best and I. Mamic: *Agri-food chains – Fresh fruit and vegetables: Key trends and issues*, op. cit.

⁴⁰ Oxfam: *Like machines in the fields: Workers without rights in American agriculture* (Washington, DC, Oxfam America, 2004).

⁴¹ S.W. Huang: "An overview of global trade patterns in fruit and vegetables", in S.W. Huang (ed.): *Global trade patterns in fruit and vegetables*, Agriculture and trade report WRS-04-06 (Washington, DC, US Department of Agriculture, 2004).

⁴² N. Diop and S.M. Jaffee: "Fruit and vegetables: Global trade and competition in fresh and processed product markets", in A. Askoy and J.C. Beghin (eds): *Global agricultural trade and developing countries* (Washington, DC, World Bank, 2005).

opportunities. The proportion and rate of increase of waged workers in the agricultural labour force are highest in regions enjoying export-oriented horticultural booms. For example, in Chile the percentage of waged workers in such areas has risen steadily since 1990, in contrast to areas with greater emphasis on traditional activities (wheat, dairy and beef) which have experienced a decline in the number of waged workers over the same period.⁴³

152. In Senegal, despite tight export standards that led to a shift from smallholder contract farming to large-scale integrated estate production, the higher horticulture exports increased incomes and reduced regional poverty by about 12 percentage points and extreme poverty by half. Poor households benefited more through labour markets than through product markets, as employment in estate farms increased from 10 per cent of households to 35 per cent.⁴⁴ In Guatemala, studies found that lettuce farmers participating in modern supply chains hire 2.5 times more labour than those who do not and this labour is typically sourced from local asset-poor households. Studies of tomato growers in Indonesia and kale growers in Kenya found similar results.⁴⁵

153. Broadly, there are four key functional activities involved in fruit and vegetable value chains: growing, processing, distributing and selling.⁴⁶ Stage one is crop production and harvesting. Producers range from small family farms to medium- and large-sized commercial farms. While some operate independently, others may be contracted to large farms and exporters, or owned by a vertically integrated exporter. Stage two involves processing and packaging the produce, before storing and transporting it to the importing country. Stage three entails distribution (import and export) and further processing and stage four involves the final retail sale to the consumers. The case of fresh fruit and vegetables exported from Kenya to the United Kingdom is illustrated below.

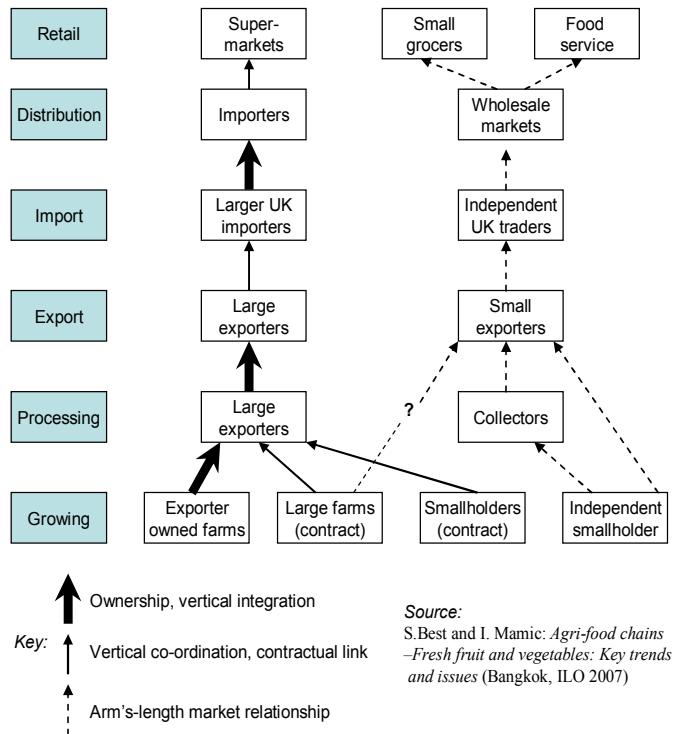
⁴³ A. Valdés and W. Foster: *Making the labour market a way out of rural poverty: Rural and agricultural labour markets in Latin America and the Caribbean* (background paper for the World Bank: *World Development Report 2008*).

⁴⁴ M. Maertens and J. Swinnen: *Rural poverty in transition countries* (Leuven, Belgium, Centre for Transition Economics, LICOS Discussion Paper 16906, 2006).

⁴⁵ World Bank: *World Development Report 2008*, op. cit.

⁴⁶ S. Best and I. Mamic, op. cit.

Figure 4.3: Kenya-UK fresh fruit and vegetable chain



154. The same study found that global agri-food systems are characterized by four key trends:⁴⁷

- Growing vertical integration means that the industry is dominated by a handful of large firms.
- Rise of powerful global buyers, which can dictate terms to their suppliers.
- Increased concentration at multiple stages of the value chain, from input supply to retailing. This increases the pressures in production segments of the chain, which are generally more fragmented and drives consolidation there.
- Growth in private and public standards, which set increasingly stringent production and management processes for farmers and exporters to follow.

155. The study described fresh fruit and vegetable chains as “increasingly short, integrated and buyer-driven”. The strong governance by large retailers has led to growing concentration at all stages and the imposition of tough quality- and food-production standards, all of which raise entry barriers, exposing producers to high costs and risks while squeezing incomes. As a result, it is increasingly the large and better resourced farms and exporters which are able to access global buyers, leading to the marginalization and exclusion of many medium-sized and smaller producers.⁴⁸

156. Farm incomes are also threatened by global over-supply in some products, like bananas and apples, which is driving down prices and sometimes having an adverse

⁴⁷ See S. Best and I. Mamic: *Agri-food chains – Fresh fruit and vegetables: Key trends and issues*, op. cit.

⁴⁸ S. Best and I. Mamic, op. cit.

effect on the terms and conditions experienced by workers at the base of the supply chain.⁴⁹ This is linked to a complex mesh of factors, including trade liberalization, deregulation of domestic markets, the end of producer-led commodity agreements, ongoing producer subsidies in rich countries, trade rules restricting market access (e.g. tariffs on processed products from developing to industrial countries) and technological change and falling transport costs, which facilitate global sourcing and increased competition.⁵⁰

157. Buyer demands in terms of product quality, just-in-time supply and environmental standards can incur significant costs which are prohibitive to many smaller firms and farms. For example, buyer demand for product freshness will require investment in field-level cooling facilities. Research on African horticulture points out that the capital and land needed to make such purchases viable are prohibitive to many small-scale growers.⁵¹ Smallholders seeking to source global supply chains are also faced with the need to comply with strict standards. For importers, private standards serve two main functions. They help coordinate supply chains by standardizing product requirements for suppliers over many regions or countries, enhancing efficiency and lowering transaction costs; and they help ensure that public food-safety standards are met in all markets served by the retail chain.⁵²

Box 4.8

Constraints faced by smallholders in accessing horticultural export markets

Constraints faced by smallholders in accessing horticultural export markets can include:

- minimal resources and capital, lack of access to credit;
- limited managerial skills and low levels of education;
- poor rural transport and communications infrastructure;
- limited dissemination of market information;
- higher input costs compared with traditional crops (e.g. unaffordable cold storage);
- long gestation period for some fruit trees and crops, which need large initial investments that pay off only after some years;
- variable volume and quality of horticulture yields, and greater price volatility, than traditional crops;
- product perishability, which requires cooling and processing soon after harvest;
- product quality and safety standards, which incur high monitoring and training costs for the exporter (if contracting with many dispersed smallholders).

However, the most important determinant of small farmers' participation is not always farm size. Instead, it can be access to physical, human and social assets: to education, irrigation, transport and roads, and other such physical assets as wells, greenhouses, vehicles and packing sheds. Farmers lacking these assets are typically excluded and public policies are usually required to address this.

Source: S. Best and I. Mamic: *Agri-food chains – Fresh fruit and vegetables: Key trends and issues* (Bangkok, ILO, 2007). World Bank: *World Development Report 2008: Agriculture for development* (Washington, DC, World Bank, 2007).

⁴⁹ ActionAid: *Who Pays? How British supermarkets are keeping women workers in poverty* (London, ActionAid, 2007).

⁵⁰ B. Vorley: *Food, Inc. Corporate concentration from farm to consumer*, op. cit.

⁵¹ P. Gibbon and S. Ponte: *Trading down: Africa, value chains and the global economy* (Philadelphia, Temple University Press, 2005).

⁵² World Bank: *World Development Report 2008*, op. cit.

158. The internationalization of food safety and quality standards is taking place not only through the increase in the world trade of foods but also through the internationalization of food retailing systems, mostly by supermarkets. Supermarket chains are now the dominant food retailers in the urban areas of many developing countries. These chains, many of them global, tend to impose more or less uniform quality and safety standards throughout the countries where they operate. A favourable consequence has been the improvement of these standards to the benefit of consumers. Farmers and intermediaries, however, see themselves submitted to the pressure of having to change varieties and to improve production and handling practices so as to satisfy these standards. The issue is that most farmers in developing countries, particularly small ones, find it difficult to satisfy the standards nowadays required to participate in international trade or to sell to supermarkets in their own countries. Their capacity to compete is thus diminished.

159. However, while there is concern that sanitary and phytosanitary standards result in compliance costs that will disadvantage developing countries, recent studies find that compliance costs tend to be small relative to the scale of most export industries. Fixed, non-recurrent costs are generally 0.5 per cent to 5 per cent of three-to-five year exports, while recurrent costs tend to be 1 per cent to 3 per cent of annual exports. There are also the benefits that exporters gain from compliance with standards, including environmental benefits and workers' safety, as well as the value of continuing market access.⁵³

Box 4.9

Improving governance in agricultural and commodity value chains: Codes of conduct and certification schemes

Various codes (by sector or industry), labels and certification standards are used to distinguish producers and/or products that adopt particular food safety, environmental, social standards in agriculture. One leading agricultural standard is GLOBALGAP (previously known as EUREPGAP), a partnership of agricultural producers and retailers. GLOBALGAP develops standards and procedures for the certification of good agricultural practices (GAP) in order to ensure that agriculture is undertaken in a way that respects food safety, animal welfare, the environment and workers' rights.

Agricultural certification is well established in Europe and expanding rapidly in terms of sales volume and market share. GLOBALGAP participation, for example, has grown from about 4,000 certified growers in 20 countries in 2002 to over 80,000 certified growers in over 80 countries in 2007, representing all major food retail companies in Europe.

In theory, certification should enable consumers to use their purchasing power to support sustainable products and so drive social and environmental improvements along the value chain. However, certification faces several problems. It is typically associated with niche markets. Certification may also become another requirement for market access and a barrier for small producers rather than an opportunity.

⁵³ Consumers International: "From bean to cup: How consumer choice impacts on coffee producers and the environment" (Consumers International and IIED, Dec. 2005).

160. An important avenue for smallholders to gain access to value chains is through their involvement in producer organizations. These are membership-based organizations or federations of organizations with elected leaders accountable to their constituents. They take on various legal forms such as cooperatives, associations and societies. Often they are commodity-specific organizations. These can also provide technical assistance

⁵³ World Bank: *Food safety and agricultural health standards and developing country exports: Re-thinking the impact and the policy agenda* (Washington, DC, 2005).

to ensure quality, delivery and compliance with standards. Smallholders may also get better access to global value and on better terms through participation in fair or ethical trade systems.

Key policy guidelines

- Promote growth in rural areas that is economically, socially and environmentally sustainable.
- Promote a conducive environment for sustainable enterprises in rural areas (farm and off-farm).
- Improve small farmers' access to market opportunities by supporting their participation in national and global value chains.
- Increase non-farm rural employment opportunities.
- Make rural employment more attractive to young people.
- Attract private investment into rural areas.
- Increase investment in public goods and services in rural areas and reverse its declining trend (infrastructure, education, health, water and sanitation).
- Provide better access to education and skills upgrading in rural areas.
- Increase the breadth and depth of financial services in rural areas.
- Improve equity, efficiency and social inclusion through appropriate taxation.
- Promote access to land and its productive use, via agrarian reform, the promotion of land rental markets and services to small farmers.
- Promote minimum wage fixing for agricultural activities and avoid policies that promote falling agricultural earnings.
- Use territorial approaches to promote rural employment and poverty reduction.

Chapter 5

Social protection: Extending coverage in rural areas

Introduction

161. Article 22 of the Universal Declaration of Human Rights of 1948 states that:

Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

162. Expenditure on and coverage of social protection varies significantly between countries and regions (see table 5.1). Whilst the majority of experience with social protection in developing countries remains short-term and under-resourced, this is changing. There is evidence of a rapidly emerging agenda for increased social protection that results from a number of factors including:

- Recognition that there is a need to move out of the vicious cycle of emergency appeals into longer-term policies with predictable resources to address chronic hunger and deprivation, particularly in Africa.
- Recognition that high levels of risk and vulnerability need to be managed more effectively in order to overcome the negative impacts on livelihoods, productivity and the capacity of households to develop high-return activities in the short to medium term.
- Recognition that reducing risk and vulnerability constitutes an investment in people with critical longer-term payoffs that can end the intergenerational transmission of poverty in the long term.

163. The outcome of these changes is an increasing commitment to new or extended social protection programmes. At national level, social protection has gained higher priority in the development and anti-poverty agenda in many countries. In Africa, the Livingstone Declaration, adopted in 2005, commits governments to put together costed national social transfer plans within two to three years that are integrated within national development plans and within national budgets. At international level, the conclusions on social security of the International Labour Conference in 2001 state that “of highest priority are policies and initiatives which can bring social security to those who are not covered by existing systems”.¹ These are mostly workers in the informal economy and in rural areas.

164. The challenge addressed in this chapter is how to use social protection to tackle poverty and decent work deficits in rural areas in a way that improves development

¹ ILO: *Social security: A new consensus* (Geneva, 2001).

capabilities and access to jobs and opportunities and so provides a critical mechanism to promote social inclusion, especially in remunerative labour markets.

Table 5.1. Public social protection and health expenditures in selected countries, 1998–2003

| Country | Percentage of GDP | | Percentage of general government expenditure | |
|------------------------|--------------------------|-------------|---|-------------|
| | 1998 | 2003 | 1998 | 2003 |
| Bangladesh | N/A | 1.16 | N/A | N/A |
| Bolivia | 8.16 | 8.62 | 26.47 | 23.91 |
| Brazil | 14.33 | 19.10 | 53.47 | N/A |
| Chile | 9.52 | 9.69 | 45.90 | 45.58 |
| China, P.R: Mainland | 1.26 | 4.52 | 12.43 | 24.27 |
| Congo, Republic of the | N/A | 1.16 | N/A | 4.63 |
| Costa Rica | 9.99 | 9.25 | 46.25 | 36.67 |
| Dominican Republic | 2.69 | 4.45 | 16.50 | 29.03 |
| Germany | 26.70 | 27.60 | 54.73 | 55.97 |
| Ghana | – | 1.50 | N/A | 5.25 |
| India | 1.60 | 1.50 | 5.70 | 1.50 |
| Indonesia | 1.41 | 1.41 | 6.98 | 7.23 |
| Korea, Republic of | 5.50 | 5.70 | 22.13 | 18.32 |
| Lesotho | N/A | 4.53 | N/A | 10.38 |
| Mexico | 5.00 | 6.80 | 23.09 | 27.80 |
| Namibia | N/A | 6.75 | N/A | 17.55 |
| Nepal | 1.38 | 1.65 | 7.99 | 10.17 |
| Pakistan | 0.35 | 0.29 | 1.62 | 1.54 |
| Russian Federation | N/A | 12.30 | N/A | 34.64 |
| Senegal | 0.16 | 4.46 | 12.93 | 19.65 |
| South Africa | 7.03 | N/A | 20.55 | N/A |
| Thailand | 2.44 | 4.16 | 10.75 | 23.02 |
| Tunisia | 7.61 | 8.65 | 23.96 | 26.96 |
| Uganda | 0.30 | 0.92 | 9.94 | 14.36 |
| United States | 14.80 | 16.20 | 42.61 | 44.21 |
| Viet Nam | 3.34 | 2.68 | 14.81 | 10.00 |
| Zambia | N/A | 1.14 | N/A | 4.82 |

N/A = not available

ILO calculation based on data from ECLAC, ILO, IMF and OECD:

(1) OECD (2007), Social expenditure database (SOCX), 1980–2003 (France, Germany, Japan, Korea, Republic of, Mexico, United States).

(2) International Monetary Fund, IMF Government Finance Statistics Database, 2007. Percentages calculated on the basis of health and social protection expenditure. (Bangladesh, Bolivia, Chile, China, Mainland, Congo, Republic of, Costa Rica, Dominican Republic, Ethiopia, India, Indonesia, Lesotho, Myanmar, Nepal, Pakistan, Russian Federation, South Africa, Thailand, Uganda, Viet Nam).

(3) Economic Commission for Latin America and the Caribbean, ECLAC (Brazil).

(4) ILO Social Security Inquiry database, ILO/SECSOC (Ghana; Namibia; Senegal; Sri Lanka; Zambia).

Decent work deficits in relation to social protection

165. In many developing countries, existing social protection coverage is very limited, particularly in rural areas. Rural areas are characterized by high poverty levels, high informality and self-employment, limited payment capacity for services and corresponding limited service provision – especially in health.

166. Many people, especially the poorest, rely on subsistence agriculture or casual wage labour, either in agriculture or other sectors. This renders them particularly vulnerable both to the risks associated with agriculture – from climatic shocks to more predictable seasonal variations in the availability of food and employment.² Other critical sources of vulnerability result from the heavy dependence on physical assets, especially land. Landless people are often among the chronically poor, especially in South Asia. Among the rural chronically poor in India, casual labour was the largest single occupational group. Income insecurity in migrant and seasonal labour constitutes a key factor leading to a decent work deficit. Casual labour provides few opportunities for households to invest in developing skills and building assets, and unequal power relations with employers limit households' capacities to improve their security or working conditions.

Box 5.1
Defining social protection

There are many definitions of social protection. For the ILO, social protection is a holistic set of life-cycle-based strategies that seeks to protect workers at their workplaces in the formal and informal economy against unfair, hazardous and unhealthy working conditions. It also seeks to provide access to health services, a minimum income for people with incomes under the poverty line and support for families with children. It replaces income from work lost through sickness, unemployment, maternity, invalidity, loss of breadwinner or old age.¹

¹ See, ILO: "Implementation of Decent Work Country Programmes: Checklist of policy areas on social protection", GB.297/ESP/7, p. 2, Geneva, 2007.

167. Inequalities in social relations also exclude people from access to resources and drive impoverishment. The customary basis of much risk management in rural areas often involves family networks or local religious or political power holders. The limited resources available render people without strong kinship or local ties – orphans, migrants, old people without children – vulnerable to shocks and stresses.³ Women in rural societies are often particularly constrained by the "complex set of rights and obligations reflecting social and religious norms [that] prevail within rural communities".⁴ They must often rely on male relatives for access rights to productive assets. This lack of independent rights clearly makes women without husbands, parents or children, or in any way estranged from their family, vulnerable to impoverishment,⁵ which may have significant negative implications for maternal and infant health.

168. Social identity (whether self-chosen or ascribed) may also be a source of vulnerability – for example, caste, ethnic or religious group membership – can be associated with social exclusion, inequality and poverty across much of the world, as is being a migrant or refugee.⁶ Disabled people are more likely to be poor, not only because of the difficulties presented by living and working with an impairment, but because of the social barriers (such as inaccessible public services, discrimination or

² IFAD: *Rural Poverty Report 2001* (2001).

³ I. Tvedten et al.: *Opitanha: Social relations of rural poverty in northern Mozambique*. CMI Report 2006:16. Bergen: Chr. Michelsen Institute. Available at: <http://www.cmi.no/pdf/?file=/publications/2006/rep/r2006-16.pdf>.

⁴ FAO: *The state of food and agriculture* (Rome, 2002).

⁵ K. Bird et al.: "Illustrative case studies of the fracture points in social policy formation for poverty reduction", annex to the Chronic Poverty Research Centre (CPRC) Working Paper 47 *Fracture points in social policies for chronic poverty reduction* (2004).

⁶ CPRC: *Chronic Poverty Report 2004–05*, pp. 14–16; N. Kabeer: "Poverty, social exclusion and the MDGs: The challenge of 'durable inequalities' in the Asian context" in the *IDS bulletin* 37(3), pp. 64–78, 2006.

simply low expectations) to their participation in everyday life on equal terms with others. Similarly, sufferers of certain illnesses, e.g., leprosy or HIV/AIDS, experience stigmatization.⁷ Such inequalities may be particularly durable in rural areas isolated from centres of dynamic social change.⁸

169. During the last two decades, the HIV/AIDS epidemic has greatly increased vulnerability in rural areas, particularly in Africa. The impact of HIV/AIDS is manifold and includes reduced income, productivity, food security, lower nutritional status and increased discrimination. Some of the effects of the condition are intergenerational and can therefore increase vulnerability in the long term. In particular, HIV/AIDS, directly or indirectly, has life-threatening consequences for children when they themselves are infected or have lost one or both parents due to AIDS. Children affected and infected by HIV/AIDS have less access to education and health services and are more exposed to discrimination and to the worst forms of child labour.⁹

170. Social exclusion is one important factor that explains the lack of social protection coverage in rural areas. It is a concept that is increasingly being used, albeit in a variety of ways, to describe how people are left out of, or prevented from participating in, processes that lead to growth, improved welfare and, ultimately, development. Social exclusion and poverty are not mutually exclusive. Poor people are often excluded, so understanding and tackling the issue has the potential to contribute in a significant way to poverty reduction. Focusing on social exclusion is valuable because it enables policy-makers and planners to:

- contextualize poverty in social systems and structures;
- understand how political and historical processes lead to chronic deprivation;
- focus on causality rather than simple correlations or characteristics;
- recognize the multi-dimensional nature of poverty; and
- target social identities whose holders are prone to social exclusion.

171. However, the concept of social exclusion has its own problems. First, it often provokes normative assumptions that exclusion is bad while inclusion is good, and therefore ignores the ways in which inclusion can be bad for poor people. Second, by failing to focus on poor people's agency, poor people are often portrayed as powerless victims. Third, given that "social exclusion" was coined to describe a condition in industrialized countries and describes minority groups, its export to countries where a very large portion of the population is poor or there are different (non-Western) cultural contexts, may be unhelpful or inappropriate. In developing countries, it may therefore be as appropriate to focus on "differential or adverse incorporation" where the terms on which people are included are also critical. An example is where poor people work for very low wages which trap them in poverty but where they contribute to the accumulation of wealth by others. Social exclusion and adverse incorporation are not mutually exclusive. For example, "the gendered situation of many poor women can be

⁷ CPRC: *Chronic Poverty Report 2004–05*, pp. 19–21.

⁸ K. Bird (2007): "Introduction", in S. Heyns et al.: *Understanding and addressing spatial poverty traps – Workshop report* (Cape Town, South Africa, ODI/CPRC, Mar. 2007).

⁹ ILO: *HIV/AIDS and work: Global estimates, impact on children and youth, and response* (Geneva, 2006).

described in terms of the ‘social exclusion’ through ‘discrimination’ and, equally validly, in terms of their ‘adverse incorporation’ in ‘exploitative’ labour relations”.¹⁰

172. There are thus many reasons to extend the coverage of social protection in rural areas of the developing world. Risk and vulnerability mean that many people live in a state of perpetual insecurity: they are unable to take risks such as investing in developmental activities, and are reliant on those wealthier and more powerful for protection and security which may – or may not – be forthcoming. And when risks materialize, lack of social protection – in the form of cash or asset transfers, or access to health care – mean that their impact can often be devastating. But the combination of activities that constitute social protection have the potential to protect households, promote their livelihoods and also to overcome social exclusion or adverse incorporation in rural areas.

Strategic responses to address decent work deficits

173. The previous section has shown how vulnerability and the lack of social protection contribute to and are manifestations of poverty and social exclusion. How they may constitute an obstacle to the development of capabilities and the access to productive jobs and opportunities was also tackled. In this section a number of the key challenges facing poor households in rural areas are examined, and the experience of various social protection measures introduced to address them is discussed.

Addressing minimum living standards

174. Ill health and old age affect people’s physical capacity to work, making many either unable to work, or unable to earn sufficient income to provide for themselves. Insurance markets are weak in rural areas, especially for old and chronically ill people: coverage of contributions-based pensions or sickness payments in rural areas is very low, due to both the lack of formal sector employment and widespread poverty. Some people benefit from assistance through social networks (family, neighbours, etc.), but informal or community-based transfers can be insecure, and those who lack such support also face chronic poverty, malnutrition and, possibly, early death.

175. Social pensions are one key measure to address this problem for older people. For example, Brazil’s current rural social pension scheme “Previdencia rural” dates back to the 1991 Social Security Act and provides a non-contributory pension to men and women (aged 60 years and 55 years and over, respectively) who can demonstrate a decade or more of productive-sector work in a rural location. In 2002, there were around 6 million beneficiaries (out of a total of less than 8 million rural households) and the scheme costs about R\$11 billion each year. The benefits are equivalent to a national minimum wage. Pension income has a significant impact on well-being in rural areas – especially when paid to women. Rural pensions are associated with increased school enrolment (resulting in improved access to jobs and employment for the next generation), improved status of old people in households and communities, investments in rural production and providing an insurance function.

176. There is a particular gender dimension to social pensions. On the one hand, women are more likely to do unpaid, domestic or care work than men, which may decrease their

¹⁰ Source: Adapted from Hickey and du Toit (2007): “Adverse incorporation: Social exclusion and chronic poverty” in CPRC Working Paper 81 (Manchester, Chronic Poverty Research Centre, 2007).

ability to claim earnings-related pensions. On the other hand, they live longer and are often eligible for pensions at an earlier age than men.¹¹ Some evidence from social pensions in southern Africa suggests that this may improve the terms of women's incorporation within rural households. One recent study drawing on a ten-year evaluation notes that it "reaches rural areas" and that there are three times as many female beneficiaries as male.¹² (Eligibility begins at age 60 for women and 65 for men.) A major outcome of the design of the pension has therefore been to effectively offer "unpaid workers ... a guarantee of partial economic security in their elderly years, affording them an earned place in the household".¹³ Such effects may improve the terms of inclusion of older people in general, where "targeting income transfers on the elderly has the beneficial side effect of elevating their status from economic burdens to valuable family members".¹⁴

Improving access to and utilization of basic services

177. The exclusion of many people in rural areas from adequate basic services has serious implications for poverty and vulnerability. In particular, it undermines human capital and prevents households from building the skills and capabilities that will enable them to move out of poverty. Supply and demand for services are both important: government resource constraints result in sparse coverage and there is limited real demand for services because poor people are unable to afford the costs. Various policy responses attempt to address these problems. Social health insurance programmes attempt to ensure that people both with and without the capacity to pay are covered, through subsidization of premiums. Education programmes include stipends for school attendance, particularly for girls.

178. Conditional cash transfers (CCTs) are another response to the problem of weak effective demand for public services. These are programmes whereby regular cash transfers are conditional on certain behaviours, usually the enrolment and attendance of children at school, and visits to clinics by the mothers of infants. They are now found in a large number of countries in Latin America. These are very large programmes with extensive budgets (see table 5.2).

179. Evidence from Latin American programmes shows that CCTs can achieve the twin objectives of increasing and smoothing consumption and investing in human capital. Nevertheless, there is a danger that they emphasize some development objectives (long-term human capital through access to services) at the expense of others (food security, investment in higher-return livelihoods by poor households). In Brazil and Mexico, the programmes are so large that they have a significant influence on the composition and funding of rural development policy.¹⁵

¹¹ While universal pensions are sometimes criticized for being regressive across income groups, in that the rich are likely to live longer and so benefit more, the gender impact of means-tested pensions is more likely to be progressive.

¹² S. Razavi: "The return to social policy and the persistent neglect of unpaid care" in *Development and Change* (Oxford, Blackwell, 2007) Vol. 38(3), pp. 377–400.

¹³ S. Razavi, op. cit.

¹⁴ S. Devereux: *Social pensions in Namibia and South Africa*, IDS Discussion Paper 379 (Sussex, United Kingdom, Institute for Development Studies, 2001).

¹⁵ S. Handa and B. Davis (2006): "The experience of conditional cash transfers in Latin America and the Caribbean" in *Development Policy Review* (Oxford, Blackwell, 2006), Theme issue on cash transfers, Vol. 24(5).

Table 5.2. Selected CCT programmes in Latin America and the Caribbean

| | GDP per capita (\$) | Poverty headcount | Budget/coverage |
|---|---------------------|-------------------|--|
| Brazil – <i>Bolsa Familia</i> | 2 700 | 35 (2004) | \$2.1 billion 8 million households (2004) |
| Colombia – <i>Familias en Acción</i> | 2 100 | 55 | \$125 million 400 000 families (2004) |
| Honduras – PRAF II | 800 | 64 (2004) | \$25 million 411 000 families (2005) |
| Jamaica – PATH | 1 600 | 18 (2001) | \$16 million 220 000 individuals (2005) |
| Mexico – <i>Progresa/Oportunidades</i> | 6 500 | 32 (2000) | \$2.8 billion 5 million households (3.5 million rural) (2004) |
| Nicaragua – RPS | 500 | 46 (2001) | \$6.37 million 21 619 families (2004) |

Sources: Adapted from S. Handa and B. Davis, loc. cit.

180. It also appears important that social protection programmes be politically popular among both politicians and citizens. In Latin America, strong public information systems, as well as monitoring and evaluation, have been critical. Supply-side subsidies to promote use of health and education services are in general less progressive than demand-side transfers. Historically, transfers have been less popular with governments than supply-side subsidies but the inclusion of conditions make the programmes more politically acceptable. Many governments are now expressing interest in transfers, and in linking these to skills development and microfinancial services to capture their development potential.

181. The gender dimension of CCT programmes, particularly in Latin America, is significant in terms of their potential to address social exclusion. *Oportunidades*, for example, pays its transfers to mothers rather than fathers. While there is some evidence that many women find this payment valuable for their self-esteem, the programme's potential to address the adverse incorporation of women is undermined both by some of its conditionalities (notably a requirement that female beneficiaries undertake unpaid community work, adding to their "triple burden"), and its very focus on women as those responsible for children and the domestic sphere. It seems in practice to target women more because they are an effective way of reaching children than to increase their power and agency. The designers of *Oportunidades* have incorporated some gender-related concerns, notably by paying a higher stipend for girls' educational attendance than boys: a bold and important move. But the cultural stereotype of "motherhood" has survived largely intact and there is little attempt to address the behaviour of men. Arguably, a programme that paid to the principal caregiver without stipulating gender (like the South African Child Support Grant – which is not conditional on recipient behaviours) would be as likely to transfer income to women, but would also send an important cultural message about men's potential domestic role.¹⁶

¹⁶ S. Razavi, loc. cit.; M. Molyneux: *Change and continuity in social protection in Latin America: Mothers at the service of the State?* UNRISD Gender and Development Programme Paper No. 1 (UNRISD, May 2007).

182. Access to childcare is another component of social protection strategies and programmes that strengthens families' social and economic security, improves the quantity and quality of women's jobs, reducing their vulnerability to risk.¹⁷ In rural areas, where women account for a large part of the waged agricultural workforce,¹⁸ access to childcare remains very limited. Migration patterns have disrupted extended family networks and single-mother households have increased in numbers in many areas. As a result, working parents often have few informal supports for their childcare responsibilities to compensate for a lack of formal supports. But, where childcare arrangements have been introduced in rural social protection strategies, the outcomes have been encouraging. This is the case of the Expanded Public Works Programme of South Africa that has made the reduction of unpaid care work one of its priorities, and the National Rural Employment Guarantee Programme of South Africa that recognized the importance of childcare for women's ability to participate in the programme by including crèches among other worksite facilities.

Improving access to health care for all

183. Access to health care is critical in reducing vulnerability and increasing the capacity of households to access more remunerative jobs and opportunities. In most of the countries, several schemes aimed at providing social protection in health coexist. The key challenges are improving efficiency and coverage of the relevant schemes (national health services, national or social health insurances, community-based health insurance, etc.) and incorporating the various schemes, in one equitable and well-regulated pluralistic national system.

184. Social health programming in the Republic of Korea provides a good example of how limited coverage can be overcome even with relatively low levels of GDP. In 1963, the Government passed the Health Insurance Act in order to tackle problems of low levels of coverage (especially the density of health-care professionals) due in part to problems of collecting contributions from the large informal sector. When the scheme began, GDP per capita in real terms was around the same level as Cameroon, Mozambique, Niger and Sri Lanka in the early 2000s. In 1980, when the Republic of Korea had a GDP per capita of US\$1,632, coverage was about 30 per cent of the population. In 2000, when universal formal coverage was achieved, GDP per capita had reached US\$9,671.

185. The Republic of Korea example shows how a universal health-insurance system can be achieved,¹⁹ even where there is a large informal sector, and that, while economic growth is an important factor, universal coverage can be realized even on low levels of GDP. Other critical lessons from the Republic of Korea include the emphasis on building functional structures rather than achieving coverage in the first 14 years of the programme and the importance of strong stewardship and promotion of social protection. This meant that social insurance was a key policy and political priority for a number of

¹⁷ F. Lund and S. Srinivas: *Learning from experience: A gendered approach to social protection for workers in the informal economy*, ILO/STEP and WIEGO (Geneva, ILO, 2000).

¹⁸ ILO: *Decent work in agriculture*, background paper for International Workers' Symposium on Decent Work in Agriculture (Geneva, 15–18 September 2003).

¹⁹ ILO: *Social health protection: An ILO strategy towards universal access to health care. Draft for consultation*, Issues in Social Protection; Discussion Paper 19 (Geneva, 2007); S. Kwon: *Achieving health insurance for all: Lessons from the Republic of Korea*. Extension of Social Security, ESS Paper No. 1, (Geneva, ILO, 2002); B. Yang and J. Holst: "Implementation of health insurance in developing countries: Experience from selected Asian countries", in J. Holst and Assia Brandrup-Lukanow (eds): *Extending social health protection – Developing countries experiences* (Eschborn, GTZ, 2007), pp. 158–167.

years. The Republic of Korea has also taken care to integrate insurance funds for those who are not wage earners (especially important for women engaged in unpaid work) into the National Health Insurance programme.²⁰

186. Community-based health insurance schemes (CBHI) have emerged in developing countries in the absence of adequate state mechanisms to guarantee access to health care. Such schemes are often initiated by civil society organizations (in particular cooperatives and mutuals) and are delivered through a diversity of organizational settings, mainly to cover the costs of medical care in case of sickness and, more rarely, maternity or disability. The development of CBHI is ongoing and has been characterized by a rapid proliferation of new schemes during the last decade, notably in Africa and in Asia. CBHI schemes have shown a strong potential to reach groups excluded from statutory social insurance, to mobilize supplementary resources (financial and human) which benefit the social protection sector as a whole, to contribute to the participation of civil society and to empower socio-occupational groups, including women. In some countries, they have had a major role in strengthening the commitment of governments to extend social protection.

187. However, most stand-alone, self-financed CBHI schemes have major limitations in terms of their ability to be sustainable and efficient mechanisms capable of reaching large segments of the excluded populations. Ongoing experience has shown that their impact and sustainability are strongly increased by developing functional linkages with extended and expanded national social insurance systems (for example by subsidizing premiums paid by low-income members or supporting microinsurance schemes with technical assistance and training).

Box 5.2
The STEP Programme

The ILO's "Strategies and Tools against Social Exclusion and Poverty Programme" (STEP) works on innovative strategies and mechanisms aimed at providing social security coverage to those excluded from existing schemes. STEP is a major instrument of the Global Campaign on Social Security and Coverage for All launched by the ILO in 2003.

STEP has developed a global knowledge base on community-based social protection schemes. Since 1998, it has been active in this area either at field or policy level in more than 30 countries in Africa, Asia and Latin America supporting schemes ranging from thousands to more than 2 million beneficiaries.

STEP is also working on national basic social protection policies in some Portuguese-speaking countries in Africa, combining social transfers with employment policies and access to social services. Based on an Internet platform, STEP has built a capacity-building and knowledge-sharing network related to the contribution of social protection to social inclusion, reaching over 3,600 people worldwide.

Providing employment for the rural poor

188. Weak rural labour markets are characterized by monopsonistic employers, oversupply of labour, and poor transport and communications infrastructure restricting movement of labour to stronger markets. As a result, wages in rural areas are depressed and people are trapped in poverty. Rural employment schemes have been used in several countries to address this problem. They aim to provide income opportunities and to

²⁰ S. Razavi, loc. cit.

strengthen rural labour markets both through raising demand for labour and using that labour to create physical or social infrastructure.

189. The India National Rural Employment Guarantee Act (NREGA) was passed in 2005 and is based on the earlier Maharashtra Rural Employment Guarantee Scheme (MEGS). A critical defining feature of NREGA is that, as an act, it confers statutory rights on beneficiaries, unlike a “scheme” that is prone to change according to expediency. NREGA makes available up to 100 days of employment per rural household per year on public works, at the prevailing minimum unskilled wage rate.²¹

190. NREGA is one of the largest rights-based social protection initiatives in the world. The national budget for the financial year 2006–07 was approximately US\$2.5 billion or 0.3 per cent of GDP. Official cost estimates of the scheme, once fully operational and reaching around 40 million households living below the poverty line, range from approximately 1.06–1.33 per cent of GDP. However, there are differing views on the affordability of the programme: better tax administration could mobilize funds but the tax/GDP ratio is currently declining.

191. When NREGA was passed, it was thought that the rights-based platform of the programme could make a significant difference to rural livelihood security and safeguard the right to work which forms part of India’s Constitution. As the programme unfolds, serious questions are emerging about founding the programme on a “rights” perspective – particularly because poor, often illiterate, households, cannot easily turn rights into action. NREGA is intended to be self-targeting on the basis that only the poorest households will want to do manual work for low wages, but paying wages below the prevailing agricultural wage rate raises questions about the balance between social inclusion and social justice. At the same time, there are concerns that the types of productive activities that can be funded under NREGA are more beneficial to richer rather than poor households. In the case of NREGA, exclusion is heavily associated with the location of employment – women are less able to travel long distances to find work.

192. At present, within NREGA there are limited linkages between employment generation and human capital development. The linkages between employment guarantee schemes and economic growth are better understood by looking at the more substantial and monitored Maharashtra experience. The benefits of MEGS have largely been secondary and indirect rather than direct, but it is generally agreed that:

- MEGS has raised agricultural wages as labourers have become reluctant to accept less than the official minimum wage.
- MEGS provides insurance for rural workers against unemployment and stabilizes work for rural households by providing opportunities during the agricultural off-season.
- Assets created by MEGS may contribute to increasing agricultural productivity (though the benefits of this are regressive because asset locations have tended to favour better-off households).
- Despite concerns about exclusion, evidence suggests that MEGS has mobilized women and enhanced their independence.²²

²¹ D. Sjöblom and J. Farrington: “The India National Rural Employment Guarantee Act in relation to Agricultural Growth and Social Protection”, in *ODI Social Protection Project Briefing Note 1* (London, Overseas Development Institute, 2007).

²² Evidence from the second phase of MEGS shows that women’s access to the programme is better when employment opportunities are more local.

Addressing the multi-dimensional factors of extreme poverty

193. Poverty, exclusion and adverse incorporation are multi-dimensional phenomena. Different factors – geographical isolation, vulnerability to disease, low social status – interlock to prevent people escaping poverty. Some social protection programmes are emerging which attempt to integrate and sequence multiple interventions across the economic, social and political spheres to help break these multidimensional poverty traps.

194. One example of a multidimensional social-assistance programme is the “Challenging the Frontiers of Poverty Reduction – Targeting the Ultra Poor” (TUP) programme of the large Bangladesh NGO, BRAC. This was launched in 2002, following BRAC staff’s conclusion that their existing interventions – while valuable to many Bangladeshis living in poverty – were not reaching or helping the poorest people in rural Bangladesh. The TUP programme combines asset transfers (grants rather than loans) linked to livelihood skills training, health promotion and other social programmes with potentially transformative aspects. An example of the latter is legal advice on issues such as marriage and domestic violence law – particularly relevant as many of the “ultra poor” are women. Again, “graduation” is built in to the programme as a whole, with the aim being that participants eventually join a BRAC microcredit programme. BRAC’s evaluation²³ found that, on average, by 2005 participants’ incomes had grown beyond those who were “not quite poor enough” to be selected for the programme in 2002, but that they were still poor. This is perhaps not surprising in a relatively short period of time. The participants made progress in several key areas related to vulnerability (notably livelihood assets, savings and health), and appeared more confident in their ability to withstand serious shocks or livelihood “crises”, such as the serious illness of an income earner. An illustration of the ongoing challenges facing poor rural households is that there was some evidence that, now possessing new assets such as livestock, they had become vulnerable to a number of new risks (such as livestock death or illness).

Reducing occupational risks

195. In terms of fatalities, injuries and work-related ill health, agriculture is one of the three most dangerous occupations. Work is arduous, hours are long and workers and their families are exposed to a wide range of hazards, including poorly designed and unsafe tools and equipment, toxic chemicals, and animal and plant disease. The ILO estimates that up to 170,000 agricultural workers are killed each year and millions more are seriously injured in workplace accidents involving agricultural machinery, pesticides and other agrochemicals. In developing countries, in particular, the risk of serious injury is compounded by the lack of information available to rural workers on safe work practices and the lack of safety systems to prevent environmental spillover. The interaction of poor living and working conditions and the prevalence of endemic disease in many rural areas contribute to poor health, reduced work capacity, low productivity and shortened life expectancy, particularly for the most vulnerable groups. Improving safety and health is an integral part of social protection.²⁴ The WIND methodology described in box 5.3 offers one approach to building community-based networks to diagnose and address some of the major hazards that rural workers face.

²³ M. Rabbani et al.: *Impact assessment of CFPR/TUP: A descriptive analysis based on 2002–05 panel data*, CFPR/TUP Working Paper Series No. 12 (Dhaka, BRAC, 2006).

²⁴ ILO: Safety and Health in Agriculture Convention, 2001 (No. 184), which sets out minimum standards for national law and practice, is discussed in Chapter 6.

196. Special measures should be taken to protect the health of pregnant and nursing workers and their children from occupational hazards that are common in agriculture. Paragraph 6 of the Maternity Protection Recommendation, 2000 (No. 191), lists the main categories of concern, including arduous work involving the manual lifting, carrying, pushing or pulling of loads; work involving exposure to biological, chemical or physical agents which represent a reproductive health hazard; work requiring special equilibrium; and work involving physical strain due to prolonged periods of sitting or standing, or to extreme temperatures, or vibration. All of these characterize work in agriculture.

Box 5.3
The WIND methodology

The Work Improvement for Neighbourhood Development (WIND) methodology, offers a community-based approach to improving the safety, health and working and living conditions of small farmers and rural workers. Its implementation empowers families on a gender equality basis to improve their own conditions by focusing on simple, low-cost and sustainable improvements to the quality of working life.

Thus, WIND is now used as the basis for interventions towards better and more productive work in the rural informal economy. Since its inception in Viet Nam, WIND is gaining popularity in a number of countries in Africa, Asia and Central America due to its adaptability to local needs and its potential support to local economic development initiatives. The implementation of WIND has the advantage of establishing practical links between health protection, poverty reduction and community development, enabling discussions on common concerns such as improvements in conditions of work and life, protection of children, increased production level and quality of products leading to possible increases in family income.

The contribution of social protection to social inclusion

197. The examples above show how social protection can contribute to the broad objectives of maintaining minimum living standards, providing income support, providing employment opportunities and guarantees, improving access to services, including health and reducing occupational risks. They also demonstrate how social protection can contribute to social inclusion and favourable incorporation. Social protection can contribute to wider development objectives in a number of different ways.

198. Social protection can protect poor people from unacceptably low levels of income and consumption, which would exclude them temporarily or permanently from accessing health services, and their children from education. Ensuring access to health care to tackle illness or maintaining food security in subsistence farming households during the hungry months leading up to harvest prevents the distress sale of productive assets. This helps to maintain the productive capacity of farmers and enable them to avoid becoming trapped in a vicious cycle of impoverishment and falling productivity. Employment guarantee schemes provide income security and smooth consumption due to rural seasonality, and help to mitigate the conditions that produce adverse incorporation. Improved working conditions increase the well-being of workers, provide a greater equity between gender and enhance the productive capacity of the labour force. Protection can have important implications in the longer – as well as the immediate term. There is strong evidence that social pensions help households avoid malnutrition in children so that they are able to develop skills and become productive workers as adults.

199. Social protection can **prevent** or reduce risks. Programmes to enable safe work include education programmes and the provision of equipment to ensure the safe use of hazardous chemicals, investments in infrastructure to reduce the impact of weather-related risks and hazards. Such programmes can include adversely incorporated people

who have few defences against hazards in the more regulated economic mainstream. These programmes can, if designed appropriately, also increase labour productivity.

200. Social protection can **promote** rural employment. Programmes that link skills development with protection (for example the BRAC programme in Bangladesh) can provide poor people with increased capacity and access to more skilled and more remunerative employment. There is evidence from Brazil, Lesotho and South Africa that social pensions result in increased financing for economic activities and investments in productive assets. Transfers are usually associated with school attendance or health care with positive impacts on long-term human capital development. There is anecdotal evidence of the effects of transfers on savings, assets and investments, but this needs further research.

201. When programme design and implementation are done well, there can be very positive effects. Targeting can promote the inclusion of, for example, women or minority ethnic groups to make programmes more progressive. Targeting can also be used to break down stereotypes or assumptions about the types of work that excluded groups can do – for example women doing work that is traditionally assumed to be men’s work. In this way, social protection can promote agency or economic choice, transform social relations and thus combat adverse incorporation. On the other hand, if poorly designed, social transfers can maintain or introduce social exclusion – for example where eligible households are not included in programmes. The increasing international mobility of labour raises, in particular, the question of exclusion of migrants to social protection programmes and the need to improve the portability of long-term social security entitlements. Social transfers can also lead to adverse incorporation, for example when cash-for-work programmes provide very low wages that divert household labour away from working on their own land during critical times such as ploughing, planting or weeding. These examples show that the programme design is critical.

Challenges for extending social protection

202. Evidence from the various social protection initiatives described here confirms the manifold arguments for introducing or expanding the coverage of social protection programmes. But there are also challenges associated with the extension of social protection. These include questions about the affordability of social protection, institutional and administrative capacity, the specific difficulties in extending programming in remote rural areas, and political commitments to address risk and vulnerability.

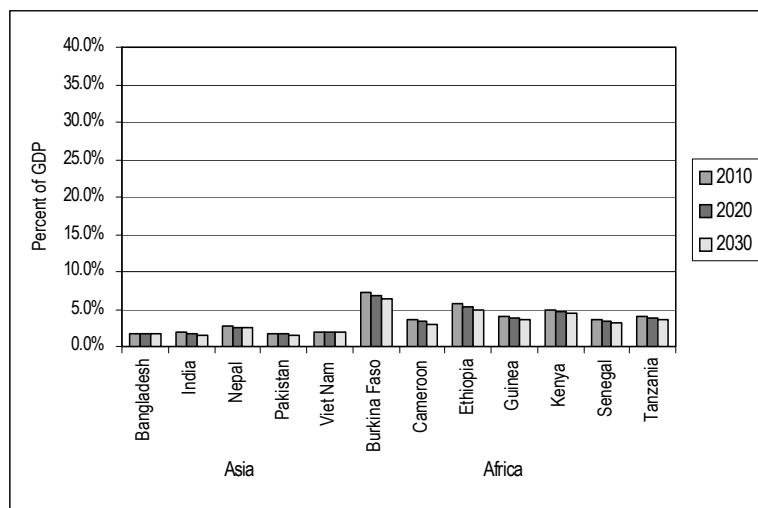
Financial capacity, affordability and “fiscal space”

203. Good practice from middle-income countries shows that core social protection, that is transfers for the poorest, contributory and solidarity schemes for better-off beneficiaries, is affordable but depends on effective administration and good governance. Economic growth is important but countries can move to universal formal coverage even on modest levels of GDP per capita. The political will for redistribution is a precondition for such extension.

204. In low-income countries, there are significant affordability challenges for extending social protection coverage. The countries in greatest need of social protection, those with high levels of rural poverty, food insecurity and inequality, are most often those with a limited resource or tax base.

205. The ILO has calculated the cost and affordability of basic social protection package scenarios in five countries in Asia and seven in Africa.²⁵ The findings are illustrated in figure 5.1 for the lower benefit package scenario.²⁶ They suggest that, over time and depending on the size of the domestic budget compared to GDP, a core social protection package is affordable. But the burden on government budgets is significantly larger for poorer countries and requires external funding for some of them. The differences between scenarios (for example targeting the poorest 10 per cent of households versus offering universal coverage) demonstrate the difficult policy choices for governments of low-income countries. There is a potential trade-off in terms of cost and impacts on poverty reduction and economic growth between universal coverage and targeted transfers to a much smaller proportion of the population. The implications for budgeting and expenditure are complex. Most low-income countries will require long-term aid to afford even a basic social protection package, though countries experiencing growth may be able to raise their tax revenues rapidly, should their politics be favourable.

Figure 5.1. Cost of basic social protection package (share of GDP) for selected countries



Source: ILO calculation.²⁷

Institutional and administrative capacity

206. Social transfer programmes are often located in central government ministries responsible for social development. While such ministries may be champions of social protection and sources of expertise and knowledge on social exclusion issues, they are often politically weak in relation to other parts of government, especially finance ministries, where decisions about budgets for social protection are made.

²⁵ S. Mizunoya et al.: “Costing of basic social protection benefits for selected Asian countries: First results of a modelling exercise” in *Issues in Social Protection*: Discussion Paper 17, Social Security Department (Geneva, ILO, 2006); K. Pal et al.: “Can low income countries afford basic social protection? First results of a modelling exercise” in *Issues in Social Protection*: Discussion Paper 13, Social Security Department (Geneva, ILO, 2005).

²⁶ The package includes: (1) Basic old-age and invalidity pensions (Senegal/United Republic of Tanzania: Benefit of 70 per cent of food poverty line – other countries: benefit of 30 per cent of GDP per capita); (2) Child benefits: (Senegal/ United Republic of Tanzania: benefit of 35 per cent of food poverty line, paid to all children in school age and also orphans below 7 – other countries: benefit of 15 per cent of GDP per capita paid to all children up to the age of 14); (3) Essential health care (annual per capita costs based on the health infrastructure level of Namibia and Thailand).

²⁷ For more details please see: K. Pal et al., loc. cit.

207. Linkages between ministries and departments are also important. Where social protection focuses solely on objectives of protection, it can be implemented from a single ministry or department – usually a ministry of social development or social affairs. However, ensuring that programmes maximize their protection, prevention and development potential requires strong and functional linkages between ministries responsible for social development and sectoral ministries responsible for rural livelihoods and for health and education. There is often limited capacity to maintain these cross-sectoral linkages. Competition for budgets can result in a competitive rather than collaborative relationship between sectors.

208. Linkages are even more critical at local government level. In the poorest countries, and especially those that have decentralized or devolved government in recent decades, district development plans outline activities and allocate budgets for district-level activities. Social protection is rarely a part of these plans, funds and resources are limited and there is only reduced capacity and expertise to introduce social protection into district-level programming. Local governments are likely to get involved in targeting and coordinating the inputs of communities into targeting decisions.

Specific difficulties in rural areas

209. Poverty tends to be more widespread, deeper and more severe in rural areas that are: **remote**: far from the centres of economic and political activity, in terms of not only distance, but also time taken to get there; **low potential**: with few agricultural or natural resources (often dry lands and highlands); **less favoured**: politically disadvantaged areas; and **weakly integrated**: not well-connected, both physically and in terms of communication and markets.²⁸ These characteristics make social protection more difficult to deliver because of lack of transport and communications infrastructure, lack of access to markets and weak integration into larger economies, especially in relation to labour opportunities, and poor provision of public services infrastructure. Lack of social status and political power compound all of the above. Where governments do not rely on such areas for political support, public investment in infrastructure and services to remedy these problems is unlikely.

210. Thus, even where large-scale social protection programmes are in place, implementing them in rural areas may present particular difficulties. The expansion of the South African Old Age Pension has been a notable success and innovations, such as mobile payment stations, have improved coverage. However, even in this case, the impact on poverty is weaker in rural than in urban areas.²⁹

211. The problems associated with delivering social protection in remote areas has implications for the types of instruments that are appropriate. Where public services are either scarcely available or of very poor quality, making transfers conditional on use of them may be at best impractical, and at worst a damaging constraint on beneficiaries' agency, their capacity to choose and to act.

212. Remote or isolated rural areas are also more likely to experience conflict and this presents particular difficulties to implementing social protection programmes. High levels of risk and vulnerability add to the cost of programmes, transporting cash becomes increasingly hazardous, as does any travel, and social infrastructure may be targeted by armed movements attempting to weaken government legitimacy.

²⁸ CPRC: *Chronic Poverty Report* (Manchester, Chronic Poverty Research Centre, 2004).

²⁹ A. Barrientos and P. Lloyd-Sherlock: *Non-contributory pensions and poverty prevention – A comparative study of Brazil and South Africa*, IDPM and HelpAge International: 19.

Political commitment ³⁰

213. Where social protection deficits are most acute in remote rural areas, or areas associated with the political opposition, it may be that central government is either uninterested or reluctant to commit public expenditure to filling them.

214. More generally, fears that social protection programmes will create “dependency” among the poor or encourage laziness are often voiced by politicians, even in countries where a large part of the population suffer poverty. Evidence that transfers are primarily spent on basic necessities can help counter this; as can the use of conditionality to promote the use of transfers for investment in education and health. But attention to the wider discourse of development, and the role of the State in it, is important too. To an extent, people should be able to depend on the State: its purpose can be seen as enabling the mitigation of risk and the reduction of vulnerability among the population. Linking social protection to narratives of nation building, and a vision of development based on a broadly inclusive social contract, may help build political commitment.

Conclusions

215. Social protection can have a positive impact on several dimensions of decent work deficits and in reducing gaps between rural and urban areas and within rural areas themselves. Social protection coverage remains incomplete, however, and is particularly patchy in rural areas. The potential of social protection to contribute to poverty reduction by improving development capabilities, access to good jobs and opportunities in a way that promotes social inclusion is thus currently not being fully exploited in rural areas.

216. There are a number of challenges associated with extending coverage of social protection in order to maximize the potential of social protection to transform rural lives and livelihoods. Modelling work on affordability is helping policy dialogues to move beyond anecdotal evidence and assumptions about the financial burden of long-term social protection programmes. This work shows that providing a basic set of social security benefits is affordable in most countries but that it depends on changes in political attitudes towards redistribution. Nevertheless, in some poor countries, significant long-term aid will be required until non-contributory social benefits can be funded solely from tax revenues. There are also significant challenges associated with institutional capacity, political commitment and the relationships between rural constituents and their governments.

217. There is no single blueprint for social protection. Policy design should therefore focus on tackling problems rather than on individual instruments. The options are diverse and policy-makers have choices. In Latin America the focus is on the long-term goals of human capital building through conditional cash transfers and social pensions. In South Asia and Africa, the focus is on shorter-term objectives – achieving food security, mainly through asset building and managing food price risks; and on a wide variety of social protection policies. In South Asia and Africa, policies having some social protection function are implemented at multiple levels – from household-targeted transfers to the management of food prices through national grain option contracts.

218. No social protection instrument provides a magic bullet and expectations of what social protection can achieve in a limited time frame must be realistic. There can be trade-offs, for example, between using a single, easily implementable instrument with

³⁰ This section draws heavily on S. Hickey: *The politics of what works in tackling chronic poverty*, CPRC Working Paper 91 (Manchester, CPRC, 2007).

clear and simple targeting, and a more complex system of instruments that requires greater implementation capacity but has greater impact on risk, vulnerability and poverty reduction. Where there are multiple instruments, getting the combinations and sequencing right (for example by combining household transfers with actions to enhance skills and capacity) is critical and requires good information on the dimensions of poverty and vulnerability. Many countries lack the information required to support good programming. Too often, decisions about social protection responses are instrument-driven (for example switching from food aid to cash transfers) rather than problem-driven (identifying the sources or causes of poverty, risk and vulnerability and tackling them).

219. A long-term commitment to funding programmes is required because the efficacy of social protection in reducing poverty and vulnerability depends on its predictability. A general lesson is that social protection, and more precisely social security, works best when it is government-owned or government-driven. The private sector and donor agencies have important roles to play but governments are best placed to bring certainty and predictability to the resourcing of social protection and to regulate the activities of the private sector. Social dialogue is also needed to ensure the effectiveness of initiatives aimed at extending social protection. As a result, the politics of social protection are as important as the economics in driving policy decisions and choices. However, in the poorest countries, or those with states that have limited capacity or willingness to implement social protection, there is likely to be a heavy dependence on donors. Other institutional relationships are important. In Africa and South Asia, the focus on food security and building assets means that there are strong linkages between social protection policies and wider policies, particularly in the agricultural sector. Functional linkages between institutions are critical – especially between government departments and ministries but also between governments and civil society.

Key policy guidelines

- Improve the design and governance of social security programmes, in particular in low-income countries, for efficient delivery of adequate benefits.
- Increase access to and utilization of basic services (schools, health care, childcare) in rural areas by investing in the supply of services (infrastructure, staff, etc.) and by using cash transfers and/or insurance mechanisms to increase the demand for services.
- Provide income security for poor people in old-age, invalidity and survivors through social pensions.
- Guarantee access in rural areas to basic means tests/self-targeting social assistance for the poor and unemployed in active age groups.
- Foster policy integration at national and local levels to achieve synergies between social security, employment and other social policies to enhance social inclusion.
- Promote the inclusion of the agricultural sector in the national OSH policies and programmes and in awareness-raising activities aimed at promoting a preventative OSH culture.
- Introduce low-cost, simple measures to identify and address the occupational health and safety hazards in rural communities.
- Explore the possibility of adopting minimum wage policies, set at adequate levels and that can be effectively enforced, to help protect the workers most at risk and combat gender discrimination in pay at the bottom end of the pay scale.
- Promote a more equal division of paid and unpaid work between men and women, in particular through childcare arrangements, to strengthen the social and economic security of families.

Chapter 6

International labour standards: Closing the gap for rural workers

Introduction

220. Many rural workers, especially in agriculture, experience severe difficulties and gaps in protection as regards freedom of association, forced labour, child labour, discrimination, wages, working time, occupational safety and health and social security. For example, 70 per cent of child labour is found in agriculture and bonded labour is prevalent in certain countries. The level of accidents and work-related illness in rural areas accounts for half the global total, with an average of 170,000 agricultural workers killed at work annually.

221. Rural workers often fall outside the scope of national labour laws. In a number of cases, they are explicitly excluded, either fully or partially, from the relevant laws, or, when they are covered under the law, they are excluded from protection in practice. Such exclusions are often due to their employment status (e.g., self-employed, smallhold farmers, casual and seasonal workers) or because they belong to vulnerable groups (e.g., women, migrant workers, indigenous peoples, lower castes) making them particularly susceptible to abuse. In addition, labour inspection is often non-existent or weak.

222. The labour protection gap is huge and hence the dimension of the decent work deficit for rural workers. This severe decent work deficit needs to be addressed if approaches to address rural employment and reduce poverty are to be successful.

223. International labour standards are essential to guide national legislation and policy and to help address labour protection gaps. They provide an internationally recognized framework for governments in the implementation of decent work principles in all areas of labour, including in rural areas. The supervisory system plays a key role in ensuring that real progress is made towards decent work for all, as a means of obtaining information on the application of international labour standards, in guaranteeing their effective implementation and by providing a dialogue and reference framework supporting the efforts of member States to implement international labour standards. The Global Reports, published annually as part of the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work, 1998, also provide valuable information on the implementation of fundamental principles and rights at work, including in rural areas.

224. Since its foundation in 1919, the ILO has been concerned with the protection of rural workers, especially in agriculture. In 1921, ten instruments were adopted to protect agricultural workers, covering freedom of association, minimum age, child labour, hours of work, social security, living conditions and vocational training. Since then, 19 new

instruments have been adopted.¹ The term “rural workers” is defined, by Article 2 of the Rural Workers’ Organisations Convention, 1975 (No. 141), as “any person engaged in agriculture, handicrafts or a related occupation in a rural area, whether as a wage earner or, subject to the provisions of paragraph 2 of this Article, as a self-employed person such as a tenant, sharecropper or small owner-occupier.” In addition to these specific instruments, many other ILO standards include rural workers in their scope of application.

225. Approximately 3.4 billion people live in rural areas, of which approximately 1 billion are employed in agriculture and 97 per cent live in developing countries. Poverty levels are often higher in rural areas. In addition, rural workers, in particular agricultural workers, are confronted with both legal and practical hurdles in attaining effective protection and decent work. The following sections will describe the most relevant instruments for rural workers, both specific and general, and provide details on their application. They will also seek to review the extent of the gaps for rural workers in terms of standards and protection.

Fundamental principles and rights at work

226. The importance of the fundamental Conventions is today universally recognized. According to the 1998 Declaration, all ILO member States, even if they have not ratified the Conventions in question, have an obligation – arising from the very fact of membership of the Organization – to respect, to promote and to realize, in good faith and in accordance with the Constitution, the principles concerning the fundamental rights which are the subject of those Conventions, namely: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation. These rights are even more important in that they are enabling rights, i.e. they create conditions to allow access to other rights.

Freedom of association and collective bargaining

227. Freedom of association is a fundamental human right, which paves the way for improvements in social and labour conditions, for example, through collective bargaining. The Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), provides that workers and employers, “without distinction whatsoever”, have the right to establish and join organizations of their own choosing. The Right to Organise and Collective Bargaining Convention, 1949 (No. 98), provides that workers are to enjoy adequate protection against acts of anti-union discrimination in respect of their employment.

228. Two other Conventions particularly relevant to rural workers are: the Right of Association (Agriculture) Convention, 1921 (No. 11), which provides that member States are “to secure to all those engaged in agriculture the same rights of association and combination as to industrial workers, and to repeal any statutory or other provisions

¹ In total, 15 are considered up to date or have an interim status, i.e. instruments which are not considered as fully up to date but remain relevant in certain respects, on the basis of the conclusions of the Working Party on Policy Regarding the Revision of Standards. Most of the instruments examined have been classified as up to date or of an interim status (the exception is the Maternity Protection Convention (Revised), 1952 (No. 103), which has been revised by the Maternity Protection Convention, 2000 (No. 183)).

restricting such rights in the case of those engaged in agriculture". This is the most highly ratified ILO Convention dealing specifically with agricultural workers.²

229. The Rural Workers' Organisations Convention, 1975 (No. 141),³ provides that "all categories of rural workers, whether they are wage earners or self-employed, shall have the right to establish and ... join organisations, of their own choosing without previous authorisation". This Convention gives formal recognition to the importance of rural workers in the world and the urgency of associating them with economic and social development action if their conditions of work and life are to be permanently and efficiently improved.⁴ Member States who ratify the Convention have an obligation to adopt and carry out a policy of active encouragement in respect of these organizations. It also provides that an objective of national policy concerning rural development should be to facilitate the establishment and growth of strong and independent organizations of rural workers as an effective means of ensuring their participation, without discrimination, in economic and social development and the resulting benefits.

230. Despite universal recognition of the right to freedom of association, rural workers, especially in agriculture, face both legal impediments and practical challenges in asserting this right (as a result of poverty, informality, dependency on the employer who provides not only income but also housing and schooling, the large number of women workers in agriculture and the often atypical employment relationships, such as migrant, seasonal or casual workers).⁵ The need to promote trade unions, in general, and organizations in the rural sector, in particular, has been raised on several occasions by the Committee of Experts on the Application of Conventions and Recommendations (CEACR).⁶ In some cases, legislation or administrative obstacles impede the right of workers to establish and join trade unions, for example by prohibiting the establishment of more than one trade union to represent the same economic category; requiring a certain number of organizations to form federations and confederations; limiting the right of rural workers' organizations to choose their own organizational structure; and requiring that trade unions represent at least half the workforce of an enterprise or bargaining unit in order to gain recognition or bargain collectively.

231. Trade unions in this sector face similar problems as those faced by trade unions in other sectors (e.g., slowness and ineffectiveness of administrative and judicial procedures in cases concerning anti-union practices, impossibility of exercising the right to strike, lack of legislative protection of the right to establish and join trade unions,

² One hundred and twenty-two ratifications.

³ Forty ratifications.

⁴ See Preamble to ILO Convention No. 141.

⁵ In the context of the ILO Committee of Experts on the Application of Conventions and Recommendations reports 2005, 2006 and 2007 and of the Global Report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work, Report IB, International Labour Conference, 92nd Session, Geneva, 2004, *Organizing for social justice*, the problem of the full or partial exclusion of agricultural workers from relevant national laws and non-application of these in practice has been raised in 30 countries. The Committee on Freedom of Association dealt with problems, including violence, harassment, non-recognition of trade unions and dismissal of union leaders concerning agricultural workers, in eight countries in 2006 and 2007. See also ILO: *Your voice at work*, Global Report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work (Geneva, 2000).

⁶ See, for example, individual direct requests concerning Conventions Nos 11 and 141 made by the CEACR in 2007 (<http://www.ilo.org/ilolex/english/>).

violence and harassment of union officials and unjustified dismissal of trade union members).⁷

232. Another key element is the effective promotion of the right to organize and collective bargaining in this sector, by ensuring full and effective protection against anti-union discrimination. Collective bargaining is a very important tool in terms of enabling agricultural workers to obtain improvements in their terms and conditions of employment (e.g., with respect to occupational safety and health, wages, social security and maternity protection) so as to make decent work in this sector a reality and allow agricultural workers to break away from poverty. Taking into account the above difficulties and issues, the ILO has developed particular tripartite activities to promote freedom of association and collective bargaining in this sector.⁸

Forced labour

233. Forced labour is prevalent in many rural areas, especially among migrant agricultural workers and victims of trafficking. The Forced Labour Convention, 1930 (No. 29), provides that all member States undertake to suppress the use of forced or compulsory labour in all its forms. In accordance with the Abolition of Forced Labour Convention, 1957 (No. 105), member States shall undertake to suppress and not to make use of any form of forced or compulsory labour, for example, as a method of mobilizing and using labour for purposes of economic development or for having participated in strikes. These core Conventions cover all workers from the exaction of forced labour. This broad protection is afforded regardless of the sector of activity (whether in the formal or informal economy) or the legal status of the worker.

234. The supervisory bodies have drawn attention to situations where slavery-like conditions are transmitted by birth to individuals who are compelled to work for their master without pay.⁹ In some cases, the CEACR has noted situations where non-respect of rights concerning payment of wages and working time has led to the imposition of practices of forced labour, such as debt bondage or the obligation to do overtime work under the threat of a penalty.¹⁰ Furthermore, in some countries, national laws still provide for the possibility of imposing work in the agricultural sector, for example in the form of compulsory cultivation, etc. The supervisory bodies also follow progress made in the application of the Conventions (as an example see box 6.1 below).

⁷ For examples, see Case No. 2518 – 348th Report of the Committee on Freedom of Association, Nov. 2007; and Case No. 2229 – 300th Report of the Committee on Freedom of Association, Mar. 2003.

⁸ Activities entitled Organizing in rural areas: An investment for achieving sustainable development were organized and carried out in 2004. They involved rural workers from Bangladesh, India, Sri Lanka, Cambodia, Malaysia and Thailand. A workshop on the plight of rural workers, with particular focus on freedom of association took place in 2005 in three countries of the sub-region (Swaziland, Zambia and Zimbabwe). A subregional Workshop on Freedom of Association and Organizing in Rural Areas took place in 2007 and involved rural workers from Malawi and Namibia.

⁹ ILO General Survey: *Eradication of forced labour*, Report III (Part IB), International Labour Conference, 96th Session, Geneva, 2007, para. 69.

¹⁰ ILO General Survey: *Eradication of forced labour*, op. cit. para. 71. See also para. 255 concerning application of Convention No. 95 on protection of wages.

Box 6.1

In Brazil, the Government's commitment to eradicating practices of labour exploitation especially in the agricultural sector has been reflected in the adoption of numerous measures, including the adoption of adequate legislative provisions and a plan of action, the establishment of the Special Mobile Inspection Group and the annual publication of a list of individuals and entities found guilty of using slave labour and barred from any financial assistance, grants or public credits, etc. The CEACR has also noted with interest that the Labour Court of the Eighth Region, Parauapebas/PA, upheld the demand of the public prosecutor to require the owner of an agricultural undertaking, who had forced workers to do degrading and forced labour, to provide compensation for the collective harm done.¹¹

Elimination of child labour and protection of children and young persons

235. While great progress has been made in many countries in reducing child labour, a number of factors make child labour in agriculture and rural areas particularly difficult to tackle. These include large numbers of working children (approximately 132 million girls and boys aged 5–14), starting work at a young age, the hazardous nature of agricultural work, a lack of regulations in the area, the invisibility of their work, the denial of education, the effects of poverty, and ingrained attitudes and perceptions about the roles of children in rural areas. The prevalence of child labour, especially in agriculture, undermines decent work and employment for adults and weakens rural labour markets as it maintains a cycle where household income for both farmers and waged workers is insufficient to meet the economic needs of their families.

236. Rural poverty also drives girls and boys to migrate to towns and cities where they often end up as urban child labourers, urban unemployed or underemployed, exchanging their rural poverty for urban poverty. Child labour undermines efforts to promote rural youth employment under decent conditions of work. Children who have reached the minimum legal age for employment in their country (14 years of age or higher) continue to work in exploitative and hazardous child labour with poor future job and economic prospects. It is now widely acknowledged that combating child labour also implies addressing the problem of ending poverty and promoting decent work for youth and adults.

237. The international legal framework for the elimination of child labour is provided by the Minimum Age Convention, 1973 (No. 138), and the Worst Forms of Child Labour Convention, 1999 (No. 182). Convention No. 138 provides that member States are to pursue a national policy designed to ensure the effective abolition of child labour and to progressively raise the minimum age for admission to employment or work to a level consistent with the fullest physical and mental development of young persons. Convention No. 138 allows for the exclusion of family and small-scale holdings, producing for local consumption and not regularly employing hired workers, from its application. Convention No. 182 calls on member States to prohibit and eliminate the worst forms of child labour and applies to all children under 18.

238. The CEACR stresses that the application of Convention No. 138 continues to give rise to serious difficulties. Even in countries where the ILO provides technical assistance, millions of children continue to work in the informal economy, commercial agriculture,

¹¹ ILO: CEACR Report 2005, Report III (Part 1A), International Labour Conference, 93rd Session, Geneva, 2005.

plantations and forestry.¹² There is also concern that where minimum age limits for agriculture exist, these are not enforced. With respect to Convention No. 182, many children in rural areas were found to be in the worst forms of child labour, especially hazardous child labour.¹³

239. To eliminate child labour in rural areas, four main gaps need to be addressed. First, national legislation has to include legislation prohibiting hazardous child labour in accordance with Conventions Nos 138 and 182. Second, exclusions and exemptions in national labour laws for agricultural workers need to be eliminated. In addition, exemptions to the minimum age for working on family farms, or children working alongside their parents, deprives children of proper protection and, therefore, needs revision. Third, labour inspection in agriculture is often either non-existent or inherently weak. Building the capacity of labour inspectorates and their inspectors to deal with child labour in agriculture and to ensure decent youth employment is vital. Fourth, gaps in educational standards in rural areas should be remedied. Due to factors such as lack of schools, poor educational standards, and families being too poor to be able to send their children to school, there are often no viable alternatives for children other than to work under harsh and exploitative conditions in agriculture. Educational deficits carry on into adulthood as lack of literacy, poor educational levels, and low-skill levels block pathways out of rural poverty for many agricultural workers.

Equality of opportunity and treatment

240. Agricultural workers face discrimination on a number of levels, including often being excluded from relevant national laws. The Equal Remuneration Convention, 1951 (No. 100) provides that member States are to ensure the application to all workers of the principle of equal remuneration for men and women workers for work of equal value. Under the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), member States undertake to declare and pursue a national policy designed to promote equality of opportunity and treatment.

241. The CEACR has stressed in a number of its comments the absence of legislation providing equality of treatment and equal remuneration for agricultural workers, which particularly affects women and workers belonging to disadvantaged groups.¹⁴ Even where there is legislation in force, agricultural workers may face discrimination (in particular women, indigenous workers, migrant workers and lower-caste workers), abusive or insalubrious working conditions, and are often paid lower wages. In many developing countries, export-oriented agriculture has become an important source of paid work for women in the last decade. In some countries, women still need the permission of their husbands to join agricultural cooperatives. It also noted, however, that progress has been made towards equality of treatment of women through the adoption of national laws, in some countries.¹⁵

¹² ILO: CEACR Report 2004, Report III (Part 1A), International Labour Conference, 92nd Session, Geneva, 2004.

¹³ For example see ILO: CEACR Report 2007, Report III (Part 1A), International Labour Conference, 96th Session, Geneva, 2007.

¹⁴ ILO: CEACR Report 2007, op cit.

¹⁵ For example, in Austria, a law amending the Equal Treatment Act, which guarantees equal treatment for women in forestry and agriculture, was adopted in 2004, (see ILO: *Equality at work: Tackling the challenges*, Global Report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work, International Labour Conference, 96th Session, 2007, para. 200).

Tripartite consultation

242. Tripartite dialogue is essential in order to ensure that all workers, including agricultural workers, have a voice in governance.¹⁶ The Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), provides that member States are to introduce procedures which ensure effective consultations, with respect to labour matters with representatives of employers' and workers' organizations, who are freely chosen by their representative organizations. Its accompanying Recommendation (No. 152) suggests examples of consultation procedures. These procedures should include, *inter alia*, consultations on the preparation and implementation of legislative or other measures to give effect to Conventions and Recommendations.¹⁷ In addition, many of the Conventions in the area of agriculture also request that the government consult with representatives of workers and employers on the implementation of the Convention. The report form under article 22 of the Constitution concerning Convention No. 144 gives the example of representatives of persons working in the rural sector and informal economy as "persons affected", in addition to representatives of employers' and workers' organizations.¹⁸

Labour administration and inspection

243. The Labour Administration Convention, 1978 (No. 150) is a key Convention for improving governance in rural areas and is dealt with more fully in Chapter 7.

244. Labour inspection is the most important tool governments have at their disposal to ensure compliance with labour laws and to identify gaps in national legislation. The CEACR has emphasized the need to develop labour inspection activities in agriculture, especially to protect young workers and tackle child labour.¹⁹

245. The Labour Inspection (Agriculture) Convention, 1969 (No. 129), requires governments to establish a system of labour inspection in agriculture. Three main functions of labour inspection are identified: securing the enforcement of the legal provisions relating to conditions of work and protection of workers; providing technical information and advice to employers and workers on how best to comply with relevant legal provisions; and bringing to the attention of the competent authorities defects or abuses that are not specifically covered by the law and submitting proposals on how to improve laws and regulations. In this sense, labour inspection has a crucial and proactive role to play.

246. The CEACR also noted the reluctance of member States to extend labour inspection systems to the agricultural sector, due in part to administrative, technical and economic obstacles. This is evidenced in the difference in ratification rates between the Labour Inspection Convention, 1947 (No. 81)²⁰ and Convention No. 129.²¹ Only a small proportion of agricultural enterprises are legally covered by labour inspection

¹⁶ This is further discussed in Chapter 7 – Institutions of social dialogue.

¹⁷ See ILO General Survey: *Tripartite consultation – International labour standards*, Report III(1B), International Labour Conference, 88th Session, Geneva, 2000.

¹⁸ ILO General Survey, *op. cit.*, para. 37.

¹⁹ See, for example, ILO: *International labour standards: A global approach*, 75th anniversary of the Committee of Experts on the Application of Conventions and Recommendations (Geneva, 2001).

²⁰ One hundred thirty-seven ratifications.

²¹ Forty-five ratifications.

systems worldwide. In addition, in many developing countries, these enterprises are rarely visited in practice due to a lack of resources allocated to labour inspectorates. The influence of labour inspection is, in practice, mostly confined to formal activities in urban areas. The CEACR has stressed that the increase in ILO technical cooperation and assistance activities in the area of inspection, as well as in a certain number of international initiatives in which the ILO is involved, has demonstrated that, even if somewhat belated, collective awareness of the need to develop labour inspection systems in agriculture was increasingly noticeable²² and labour inspectors' duties, powers and prerogatives and their field of intervention have been substantially expanded in the agricultural sector in some countries.²³

Box 6.2¹

In Guatemala, legislation provides that any contribution by a family member of the employee to the operation of the agricultural enterprise entitles that person to remuneration and labour inspectors are also responsible for enforcing regulations concerning the accommodation and facilities provided to agricultural workers and their families (water, electricity, number of rooms, etc.).

In Uruguay, labour inspectors are empowered to impose fines on employers for infringing similar provisions which, in addition, provide for the obligation to provide food to the worker's spouse, children and parents; the prohibition on using the worker's accommodation as storage space; the obligation to encourage children's schooling and provide supplies for the purpose; and the obligation to keep a dismissed worker or family member on the farm in the event of illness.

¹ ILO General Survey, op. cit., para. 13.

Employment policy and promotion

247. Under the Employment Policy Convention, 1964 (No. 122), and linked Recommendations (Nos 122 and 169), ratifying member States shall declare and pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment. Priorities for the rural sector include developmental policies, rural development, and educational and skills training policies. Article 3 of Convention No. 122 is of particular relevance to rural workers because it requires governments to consult with representatives of employers and workers in order to take into account their views and experiences when formulating and implementing employment policies. The article 22 report form for the Convention specifies that consultations with representatives of other sectors of the economically active population such as those working in the rural sector and the informal economy should take place concerning employment policy measures.

248. The Employment Policy Recommendation, 1964 (No. 122), provides that special emphasis on a broadly based programme to promote productive employment in the rural sector should be incorporated within the framework of an integrated national policy. The promotion of rural employment is also present in the Employment Policy (Supplementary Provisions) Recommendation, 1984 (No. 169), which states that all member States might implement special public works programmes, such as rural

²² ILO General Survey: *Labour inspection*, Report III(1B), International Labour Conference, 95th Session, Geneva, 2006, para. 13.

²³ ILO General Survey, op. cit., para. 6.

infrastructure projects, in order to create and maintain employment, to raise income levels and to reduce poverty.

249. The Promotion of Cooperatives Recommendation, 2002 (No. 193) provides guidance on developing employment policies that encourage promotion and strengthening of the identity of cooperatives. The goal is, *inter alia*, to: create and develop income-generating activities and sustainable decent employment; develop human resource capacities and knowledge of the values, advantages and benefits of the cooperative movement through education and training; improve social and economic well-being, taking into account the need to eliminate all forms of discrimination; contribute to sustainable human development; establish and expand a viable and dynamic distinctive sector of the economy, which includes cooperatives, that responds to the social and economic needs of the community.

250. The CEACR also advocates rural employment promotion through its comments. Governments are regularly requested to provide information on the programmes implemented and their impact on employment promotion both in the aggregate and as they affect particular categories of workers such as women, young persons, older workers and those in the rural sector and on the need to implement an active employment policy in the rural sector.²⁴

Vocational guidance and training

251. Many rural workers are poorly trained and lack marketable skills. Addressing this gap by ensuring a skilled rural workforce is key to empowering people to escape from the poverty trap. The Human Resources Development Convention, 1975 (No. 142), provides that ratifying States shall adopt and develop comprehensive and coordinated policies and programmes of vocational guidance and vocational training, closely linked with employment, to meet the needs of both young persons and adults in all sectors of the economy and branches of economic activity. Recommendation No. 195 provides that member States should promote access to education, training and lifelong learning for rural workers.

252. As regards vocational rehabilitation, the Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983 (No. 159), expressly mentions the obligation to formulate and periodically review national policy with respect to all categories of disabled persons, especially in rural areas. Recommendation No. 168 advocates particular efforts to provide vocational rehabilitation services for disabled people in rural areas and in remote communities at the same level and on the same terms as those for urban areas, and provides an indicative list of measures to be taken.

253. The CEACR noted that the best results regarding vocational rehabilitation and employment services in rural areas and remote communities for persons with disabilities have been achieved through various models of community-based rehabilitation (CBR). These are said to rely largely on voluntary, community and family resources and are less costly than public rehabilitation institutions. In developing countries with a significant population that have been experimenting with various models of CBR, these programmes remain a valid way of serving people with disabilities in rural areas.²⁵

²⁴ See ILO CEACR Report 2007, *op. cit.*, Convention No. 122.

²⁵ ILO General Survey: *Vocational rehabilitation and employment of disabled persons*, 1998, paras 146–149.

Wages

254. Wages in agriculture tend to be low, with many workers being paid below the national minimum wage. Wage setting is one of the most contentious rural labour issues, especially as payments are often delayed. The Minimum Wage Fixing Machinery (Agriculture) Convention, 1951 (No. 99)²⁶ calls for the creation or maintenance of adequate machinery to fix minimum wage rates. The national competent authority may exclude from the scope of application of this Convention certain categories of agricultural workers, such as members of the farmer's family. Workers are to be guaranteed a minimum wage sufficient to meet their needs, but also to preserve the purchasing power of the wage. The Convention provides that the employers and workers concerned may participate in, or be consulted with regard to, the operation of the minimum wage-fixing machinery on a basis of complete equality. Guidelines for the fixing of minimum wages are found in the accompanying Minimum Wage-Fixing Machinery (Agriculture) Recommendation, 1951 (No. 89). Other relevant ILO standards are the Minimum Wage-Fixing Machinery Convention, 1928 (No. 26), and the Minimum Wage Fixing Convention, 1970 (No. 131).

255. The protection and timely payment of wages is dealt with by the Protection of Wages Convention, 1949 (No. 95), which applies to all workers, without qualification. It provides that wages are only payable in legal tender. The partial payment of wages in the form of allowances in kind may only be authorized in certain circumstances for certain occupations. Partial payment in kind is a practice that is often used in the agricultural sector. Where there is full payment in kind, with no cash remuneration, this poses serious problems for agricultural workers.²⁷

256. Over the years, the supervisory bodies have raised a number of problems concerning the application of these Conventions to rural workers, including non-payment or deferred payment of wages; exclusion of agricultural workers from national legislation; non-respect of periodic readjustment of minimum wage rates; the lack of adequate sanctions to deter abuse of the minimum wage system, where it exists; and the lack of statistics and data on workers covered by minimum wages in this sector.²⁸ The CEACR has also commented for many years on practices resulting in ten of thousands of indigenous agricultural workers being in a situation of debt bondage, through the use of systems of advances on wages, stores located in camps which charge excessive rates compared to market prices, compulsory deductions from wages for savings schemes, payments in kind and the deferred payment of wages.²⁹

Working time

257. Working time is one of the main gaps in the protection of agricultural workers, with many of them regularly working long hours, often from sunrise to sunset according to the seasons, weather and crops. These workers often exceed the prescribed limit for

²⁶ Fifty-two ratifications.

²⁷ See, for example, ILO CEACR Report 2007, op. cit. and ILO General Survey: *Protection of wages*, 2003, paras 92–163.

²⁸ See ILO General Survey: *Protection of wages*, op. cit., in particular, paras 47, 52, 61 and 64.

²⁹ See, for example, ILO CEACR Report 2007, op. cit., with respect to application of Convention No. 95.

the number of hours worked³⁰ and national laws often exclude agricultural workers from provisions concerning maximum working time.³¹

258. Agricultural workers are not covered by the two main Conventions on hours of work³² or weekly rest.³³ They are also excluded from the scope of application of the Night Work Convention, 1990 (No. 171). They are covered under the Forty-Hour Week Convention, 1935 (No. 47), which provides that each member State is to apply the principle of the 40-hour working week. This is only a global objective, however, and the text does not prescribe specific limits to working hours. The right to annual leave with pay for agricultural workers is recognized by the Holidays with Pay Convention (Revised), 1970 (No. 132),³⁴ which provides that workers are entitled to annual paid holidays of no less than three weeks. The provisions of this Convention can be accepted separately with respect to agricultural workers, or employed persons in the other economic sectors. Ratifying member States also have the possibility to exclude, following consultation with the organizations of employers and workers concerned, limited categories of employed persons in respect of whose employment special problems arise of a substantial nature, relating to enforcement or to legislative or constitutional matters.³⁵ In practice, agriculture is often excluded from the application of this Convention, an issue raised by the supervisory bodies in a number of cases.³⁶

Occupational safety and health

259. Agriculture is one of the three most dangerous occupations to work in, along with construction and mining.³⁷ Despite the hazardous nature of the work, and the high levels of risk, agriculture is often excluded from coverage under national occupational safety and health regulations or is the least well covered sector of the economy.³⁸

260. The Safety and Health in Agriculture Convention, 2001 (No. 184), and its accompanying Recommendation No. 192 are particularly significant because for the first time in international law, agricultural workers are formally guaranteed the same rights and protection with regard to their health and safety as other categories of workers. They provide a framework for the development of national policies and mechanisms to ensure

³⁰ ILO General Survey: *Hours of work: From fixed to flexible*, 2005, paras 73–74 and 77–78.

³¹ Concerning night work, the only instrument that covers the agricultural sector is the Night Work of Women (Agriculture) Recommendation, 1921 (No. 13), for which there is a pending request for information from member States on the possible need to replace it, following the review of the Working Party on Policy regarding the Revision of Standards.

³² The Hours of Work (Industry) Convention, 1919 (No. 1), and the Hours of Work (Commerce and Offices) Convention, 1930 (No. 30).

³³ The Weekly Rest (Industry) Convention, 1921 (No. 14), and the Weekly Rest (Commerce and Offices) Convention, 1957 (No. 106).

³⁴ Revises the Holidays with Pay (Agriculture) Convention, 1952 (No. 101), and the Holidays with Pay Convention, 1936 (No. 52).

³⁵ To date, this possibility of exclusion has not been used.

³⁶ For more information see individual direct requests in ILOLEX concerning Convention No. 132 in 2006 and 2007 (<http://www.ilo.org/ilolex/english/>).

³⁷ P. Hurst et al.: *Agricultural workers and their contribution to sustainable agriculture and rural development*. (ILO, FAO, IUF, 2007), section 2.8, p. 51.

³⁸ ILO: *ILO standards-related activities in the area of occupational safety and health: An in-depth study for discussion with a view to the elaboration of a plan of action for such activities*, International Labour Conference, 91st Session, Geneva, 2003, Annex II.

the participation of workers' and employers' organizations in that process. However, the Convention does not cover subsistence farming, industrial processes that use agricultural products as raw materials, and the industrial exploitation of forests. Furthermore, it allows member States to exclude certain agricultural undertakings or limited categories of workers from the application of this Convention or certain provisions thereof, when special problems of a substantial nature arise.³⁹

261. The Convention calls for the adoption of a national policy on safety and health in agriculture and the setting up of an appropriate system of inspection for agricultural workplaces and prescribes preventive and protective measures regarding machinery safety and ergonomics, handling and transport of materials, sound management of chemicals, animal handling and protection against biological risks, and the construction and maintenance of agricultural facilities. It provides that 18 years is the minimum age for employment in agriculture in dangerous jobs and 16 years for other farm jobs. Other provisions require that temporary and seasonal workers receive the same level of protection as permanent workers, and that the special needs of women agricultural workers in relation to pregnancy, breastfeeding and reproductive health are taken into account. The Convention also regulates working time arrangements and coverage against occupational injuries and diseases. The Recommendation provides further guidance on occupational safety and health surveillance and recommended preventive and protective measures in the areas regulated by the Convention. While it may be some time before this new instrument achieves wide ratification, it already provides comprehensive guidance to ILO member States and the social partners working to improve their national law and practice. This Convention and Recommendation are also important new reference texts for those working with voluntary initiatives, codes of conduct and social labelling schemes as occupational safety and health is the workplace issue most frequently addressed in codes of conduct.

Social security

262. Agricultural workers remain among the least well protected with respect to access to health care, sickness and maternity benefits, workers' compensation, etc. Pension schemes in developing countries rarely apply to the rural population. International labour standards have always advocated equal social security coverage of agricultural and industrial workers. In 1921, the Workmen's Compensation (Agriculture) Convention, 1921 (No. 12)⁴⁰ requested ratifying States to "extend to all agricultural wage earners its laws and regulations which provide for the compensation of workers for personal injury by accidents arising out of or in the course of their employment". The Social Insurance (Agriculture) Recommendation, 1921 (No. 17), adopted the same year generalized this principle to apply also to insurance systems against sickness, invalidity, old age and other similar social risks ensuring agricultural wage earners conditions equivalent to those prevailing in industrial and commercial occupations.

263. Since the adoption of the Social Security (Minimum Standards) Convention, 1952 (No. 102), the ILO social security instruments apply to employees without distinction. As the Convention requires coverage of at least 50 per cent of the total number of employees in the country, there remains the formal possibility for the ratifying State to

³⁹ This possibility for exclusion has so far not been used.

⁴⁰ Ratified by 76 member States.

reach that scope of coverage without including agricultural workers.⁴¹ The same possibility of excluding agricultural workers exists in the instruments dealing with specific branches of social security, such as the Medical Care and Sickness Benefits Convention, 1969 (No. 130), as well as the Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128).⁴² Agricultural workers cannot be excluded however from the Employment Injury Benefits Convention, 1964 [Schedule I amended in 1980] (No. 121), which provides that "National legislation concerning employment injury benefits shall protect all employees, including apprentices, in the public and private sectors, including cooperatives, and, in respect of the death of the breadwinner, prescribed categories of beneficiaries". The CEACR has noted that in many developing countries coverage of agricultural workers is often at best partial, but progress is being made in some towards full coverage.⁴³

Maternity protection

264. The Maternity Protection Convention, 2000 (No. 183), and its Recommendation No. 191 apply to "all employed women, including those in atypical forms of dependent work", hence it also applies to the agricultural sector. Although the Convention provides for the possibility for member States to exclude certain categories of workers from application of the Convention, this provision has so far not been used. Under the Convention, governments are to protect pregnant and breastfeeding women from health hazards and women are entitled to maternity leave and cash benefits as well as breaks for breastfeeding mothers. They are to be "guaranteed the right to return to the same position or an equivalent position paid at the same rate at the end of her maternity leave" and their employment is not to be terminated during her pregnancy or maternity leave. Convention No. 183 revised the Maternity Protection Convention (Revised), 1952 (No. 103). While the supervisory bodies have not commented yet on the application of the former with respect to agriculture, they often do so with respect to Convention No. 103.⁴⁴ Problems raised include the exclusion or non-coverage of women in the agricultural sector with respect to maternity leave as well as the lack of statistical data on coverage in this sector.

Migrant workers

265. Migrant workers who make up a large part of the agricultural labour force are particularly vulnerable to abuse.⁴⁵ Protective instruments include the specific Migration for Employment Convention (Revised), 1949 (No. 97), and the Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143), and their accompanying Recommendations. Convention No. 97 aims to regulate the conditions in migration for employment, provides general provisions for protection and prohibits inequality of treatment between nationals and migrant workers lawfully in the country of employment.

⁴¹ Three countries have availed themselves of the temporary exceptions provided for in certain provisions to, *ipso facto*, exclude agricultural workers from one or more branches of social security by choosing to apply the branch only to industrial workplaces.

⁴² Three countries for Convention No. 128 and two for Convention No. 130 have availed themselves of this possibility of exclusion.

⁴³ See, for example, ILO CEACR Report 2003, *op. cit.*, *Rwanda*, Convention No. 12.

⁴⁴ See, for example, ILO CEACR Report 2006, *op. cit.*

⁴⁵ ILO: *Towards a fair deal for migrant workers in the global economy*, Report IV, International Labour Conference, 92nd Session, June 2004, paras 151–165 and 276–278.

Convention No. 143 and Recommendation No. 151 aim to address problems relating to irregular migration and provide a minimum level of protection of all migrants, independent of their status. Under Part I of Convention No. 143, ratifying States have a general obligation to respect the basic human rights of all migrant workers. Under Part II of the Convention, migrant workers who are lawfully in the country of employment are not only entitled to equal treatment (as provided for in Convention No. 97) but also to equality of opportunity, e.g., equality with regard to access to employment, trade union rights, cultural rights and individual and collective freedoms.

266. The Migrant Workers Equality of Treatment (Social Security) Convention, 1962 (No. 118) provides for the right to equality of treatment with regard to all nine branches of social security. For each of the nine branches that it accepts, a State party to the Convention undertakes to grant, within its territory to nationals of any other State that has ratified the Convention, equality of treatment with its own nationals. The provisions are thus reliant on reciprocity. One of the tools used by governments, and advocated for under the ILO instruments,⁴⁶ is the use of model contracts and bilateral and multilateral agreements.⁴⁷

Indigenous and tribal peoples

267. Indigenous peoples are more likely than non-indigenous peoples to work in agriculture,⁴⁸ and they face de facto discrimination in terms of conditions of employment. If they earn their livelihood as subsistence farmers, their main problems frequently arise from unequal access to land with respect to land title and ownership rights, credit, marketing facilities and resources. They are also often subject to forced dispossession of land for the creation of agricultural undertakings as well as logging and mining activities.⁴⁹ In all such cases, official policies should make provision for measures to allow indigenous peoples access to resources, including the means to carry out the activities from which they earn their living.⁵⁰

268. The Indigenous and Tribal Peoples Convention, 1989 (No. 169), provides protection and rights for indigenous workers in seasonal and casual employment, including in agriculture. The Convention deals in Part II with the rights and ownership of land that has been traditionally occupied by indigenous peoples as well as safeguarding their rights to natural resources. Part III provides that they are to enjoy the protection afforded by national law and practice, as do other such workers in the same sectors, and that they are fully informed of their rights under labour legislation and of the means of redress available to them. Part IV addresses vocational training, handicrafts and rural industries, and advocates for the strengthening and promotion of rural industries, and

⁴⁶ See Convention No. 97 and Recommendation No. 86.

⁴⁷ For example, *Canada* has entered into agreements with *Mexico, Jamaica, Trinidad and Tobago, Barbados* and the Organization of Eastern Caribbean States. The Canadian Seasonal Agricultural Workers Programme allows for the organized entry of agricultural workers from Mexico and the participating Caribbean states into Canada for up to eight months a year to fill labour shortages during peak periods of planting, cultivating and harvesting. See Canadian Government web site for more information: www.hrsdc.gc.ca.

⁴⁸ ILO: *Equality at work: Tackling the challenges*, op. cit.

⁴⁹ See, for example, comments concerning Convention No. 169, ILO CEACR Report 2007, op. cit. and ILO: CEACR Report 2006, op. cit.

⁵⁰ ILO: *Rural employment promotion*, Report VII, International Labour Conference, 75th Session, Geneva, 1988.

traditional occupations as a tool in maintaining indigenous cultures, economic self-reliance and development.⁵¹

Plantations

269. At the time the Plantations Convention, 1958 (No. 110) was adopted, plantations constituted an important economic sector for many countries in tropical and subtropical regions, and the poor living and working conditions of plantation workers were widely recognized. The principal objective of the Convention was to afford broader protection to those workers. Convention No. 110, supplemented by its Protocol of 1982,⁵² is a comprehensive instrument which deals, *inter alia*, with conditions of work, contracts of employment, collective bargaining, methods of wage payment, holidays with pay, weekly rest, maternity protection, accident compensation, freedom of association, labour inspection, housing and medical care. Specific protection is provided by Part II, which deals with the engagement and recruitment of migrant workers. Ratifying States have the possibility of excluding this part from the application of the Convention.⁵³ Its accompanying Recommendation No. 110 proposes a number of measures that governments should take to improve the conditions of plantation workers. Detailed guidance is offered in areas such as vocational training, systems of wage payment, equal pay for women doing work of equal value, hours of work, welfare, compensation for accidents and industrial diseases, and labour inspection.

270. Considering the comprehensive scope of this Convention, it is indeed disappointing that so few countries have ratified it.⁵⁴

Tenants and sharecroppers

271. The Tenants and Share-croppers Recommendation, 1968 (No. 132), provides guidance to member States with respect to tenants, sharecroppers and similar categories of agricultural workers who do not receive a fixed wage. Social and economic policy should promote a progressive and continuing increase in the well-being of these workers and assure them the greatest possible degree of stability and security of work and livelihood. They should have the main responsibility for managing their holding and access to land. The development of organizations representing tenants, sharecroppers, etc., and those representing the interests of landowners should be encouraged.

Relevance and impact of international labour standards

272. While there is no comprehensive instrument dealing with the rural sector, the ILO has a large number of instruments that apply to the rural sector, especially agriculture.

⁵¹ See also Chapter 7 with respect to governance of indigenous peoples.

⁵² Ratified by ten and two member States respectively and classified as up to date.

⁵³ Only one member State has availed itself of this possibility.

⁵⁴ The Convention defines the term *plantation* as including any agricultural undertaking regularly employing hired workers which is situated in tropical or subtropical regions and which is mainly concerned with the cultivation or production for commercial purposes of coffee, tea, sugarcane, rubber, bananas, cocoa, coconuts, groundnuts, cotton, tobacco, fibres (sisal, jute and hemp), citrus, palm oil, cinchona or pineapple; it does not include family or small-scale holdings producing for local consumption and not regularly employing hired workers.

They provide an international legal framework for the protection of rural workers, especially agricultural workers. However, the high number of instruments in question may make it difficult to promote them. They are not necessarily easily identifiable, and this may cause problems in the perception of what protection international labour standards provide for the workers concerned. Another difficulty comes from the fact that, apart from the fundamental and a few other instruments including three of the priority Conventions and Conventions Nos 11 and 12, many of the relevant instruments are not very well ratified. The ratification rates of the up to date or interim status Conventions dealing specifically with agriculture are very uneven. They range from 122 ratifications for Convention No. 11 to eight ratifications for Convention No. 184. Furthermore, even if the possibility to exclude rural or agricultural workers from application of certain Conventions is rarely used by ratifying States, serious problems of application have been highlighted in a large number of countries by the supervisory bodies.

Conclusions

273. Globally, rural workers still form the largest workforce. While improvements have been made in the protection of agricultural workers in some countries, in many others, they are not covered by labour legislation and other regulations protecting workers. Furthermore, where laws do exist, lack of resources and political will to enforce the provisions as well as isolation, poor literacy, poverty and lack of organization, often prevent workers from fully asserting their rights. The labour protection gap for these workers remains huge.

274. What are the options for the way forward to address and redress this enormous decent work deficit? The first would be national-level action. Member States could be called upon to review their legislation with a view to extending the coverage of protection to rural workers, including rural wage earners, and in particular to ensure that they enjoy the protection of fundamental principles and rights at work as contained in the Declaration on Fundamental Principles and Rights at Work. This would require better monitoring and enforcement of national legislation, including the extension of labour inspection. There is, however, no existing mechanism to monitor measures taken and evaluate progress made by countries.

275. A second option could be to invite member States to remove any exclusion that may exist in national law concerning the application of the fundamental Conventions to rural workers. This could also include an invitation to them to consider ratifying the relevant up to date Conventions, in particular Conventions Nos 184 (occupational safety and health), 129 (labour inspection) and 122 (employment policy). It should be noted that in November 2007, the Governing Body decided that the promotion of priority Conventions, including Conventions Nos 122 and 129, should be strengthened.⁵⁵

276. A third option could be to consider the advantages of consolidating all the relevant standards into a single instrument with a view to providing more effective protection for the world's 3.4 billion people living in rural areas. The Plantations Convention, 1958 (No. 110) and the Rural Workers' Organisations Convention, 1975 (No. 141) could also be examined more closely with a view to better determining the difficulties and impediments to ratification and implementation and to extend coverage to all rural workers. Considering the large number of people concerned and the huge gap in protection, the ILO would be responding in providing a framework that would bolster the efforts for employment creation as a way out of poverty for rural workers.

⁵⁵ See GB.300/LILS/6, para. 80 and GB.300/13.

Key policy guidelines

- Respect, promote and realize:
 - freedom of association and the effective recognition of the right to collective bargaining;
 - the elimination of all forms of forced or compulsory labour;
 - the effective abolition of child labour;
 - the elimination of discrimination in respect of employment and occupation.
- Increase the ratification and effective implementation of fundamental Conventions and other relevant labour standards, including those related to safety and health, labour inspection and social security.
- Ensure that rural workers and, in particular, agricultural workers are covered under national laws and regulations as well as in practice.
- Ensure that the rights of particularly vulnerable groups of rural workers, such as migrant workers and indigenous peoples, are protected.

Chapter 7

Social dialogue: Promoting better governance, empowerment and institutions

Introduction

277. This chapter examines the importance of governance issues in the world of work and in the context of local economic development. Governments and the social partners play key governance roles in labour administration systems and institutions of social dialogue, which offer avenues for consensus building at national and sectoral levels. These need to be extended to rural areas, where they can provide one means of encouraging democratic governance in local economic development. Decentralization offers an opportunity for local actors to participate more fully in governance, but capacity needs to be strengthened, and the tripartite constituents need to reach out to work with other actors concerned with social and economic development. Poverty and poor governance increase the likelihood of violence and social unrest.

The importance of governance issues

278. Governance broadly refers to the process of decision-making and the process through which those decisions are implemented. Governance issues arise within the government system as a whole as well as in its various parts, for example, in the determination of policy, or the functioning of the bureaucracy or of the judiciary. The setting of just rules and their unbiased application are among the key features of good governance, as are principles such as participation, fairness, decency, accountability, transparency and efficiency that provide the basis for governmental action.¹

279. Above all, governance is a political process in which legitimacy depends on people's perception that their voices have been heard, their needs recognized and their problems addressed. Freedom of association and the practice of social dialogue enable democratic participation in decision-making.

280. Governance is not limited to government, though government has a key role to play in overall governance. Political parties, economic interest groups, civil society organizations and major economic actors, such as corporate entities, all face governance issues as well. Governance in the world of work is a central concern of the ILO's tripartite constituents.

281. Never before has governance achieved such prominence in international public debate. MDG 8, with its aim of a global partnership for development, stressed a shared

¹ ODI: *Governance assessment: Overview of governance assessment frameworks and results from the 2006 World Governance Assessment*, report from ODI Learning Workshop, 15 Feb. 2007, available at http://www.odi.org.uk/pppg/politics_and_governance/publications/WGA_workshop_150207_report.pdf.

commitment to good governance, development and poverty reduction, both nationally and internationally. International financial institutions and major donors have begun to link loans and aid to governance issues, for example, those related to probity in the use of funds, transparency in decision-making, accountability to citizens, commitment to human rights and the fight against corruption. To this end, a number of national and multilateral development agencies and independent research institutions have developed governance assessment tools and indices. The World Bank's Worldwide Governance Indicators measure six dimensions of governance: voice and accountability; political stability; government effectiveness; regulatory quality; rule of law; and control of corruption. UNDP's Governance Indicators Project has carried out citizen surveys regarding parliamentary development, electoral systems, human rights, justice, decentralization and local government administrative reforms. The United Kingdom's Department for International Development (DFID) uses country governance assessments to evaluate governmental capability, accountability and responsiveness.

282. When the last general discussion on rural employment took place, many countries were governed by authoritarian regimes or were under single party rule. Today most governments proclaim adherence to democratic principles. Many have parliaments and heads of government chosen through an electoral process. Many have recognized the linkages between good governance and economic growth. Yet in most countries, democratic aspirations exceed actual performance and the deeper attributes of democratic systems have yet to be realized. Equity, inclusiveness, and respect for the rights of minorities and of the disadvantaged are just a few of these. Good governance is a work in progress.

Box 7.1
Good governance

| Capability | Responsiveness | Accountability | Participation |
|--|--|---|--|
| <input type="checkbox"/> Ensuring political stability and security. | <input type="checkbox"/> Implementing policies that meet the needs of the poor. | <input type="checkbox"/> Respecting human rights, notably freedom of expression, freedom of association and a free press. | <input type="checkbox"/> Freedom of association. |
| <input type="checkbox"/> Creating a legal framework of rights and responsibilities. | <input type="checkbox"/> Using public finances to benefit the poor. | <input type="checkbox"/> Promoting high ethical standards among public officials and punishing corruption. | <input type="checkbox"/> Transparent electoral processes. |
| <input type="checkbox"/> Creating conditions for investment and trade, growth in jobs and incomes. | <input type="checkbox"/> Providing public goods and services in ways that reduce discrimination and allow all citizens to benefit. | <input type="checkbox"/> Ensuring compliance with the law, for example, through effective inspection services. | <input type="checkbox"/> Social dialogue. |
| <input type="checkbox"/> Managing public finances and implementing public policies effectively. | | <input type="checkbox"/> Ensuring the rule of law through an independent judiciary. | <input type="checkbox"/> Inclusive consultation processes, ensuring voice in the formulation of public policy. |
| <input type="checkbox"/> Making sure that government services meet people's needs. | | <input type="checkbox"/> Providing regular opportunities to change leaders in peaceful ways. | <input type="checkbox"/> Democratic participation in decision-making processes. |
| <input type="checkbox"/> Keeping borders secure and helping people move safely and legally. | | | <input type="checkbox"/> Access to justice systems. |

Adapted from various sources, including DFID: *Making governance work for the poor*, 2006, p. 20; USAID: *Democracy and governance: A conceptual framework*.

Governance issues in the world of work

283. Governance issues permeate the world of work. Many are addressed through international labour standards, which highlight broad principles of good governance, particularly those expressed as fundamental principles and rights at work, such as freedom of association, institutional frameworks for good governance, for example those relating to labour administration and labour inspection, and processes of good governance, that emphasize tripartite consultation. Social inclusion and the rights of marginalized or vulnerable groups are the focus of numerous ILO instruments as well. Voice and representation through tripartism and social dialogue are inherent to their conception and implementation.

284. Labour market governance has been missing in the development strategies of many countries, yet the quality of labour market governance can be an important factor in determining whether countries are successful in increasing opportunities for full, productive and freely chosen employment and, more broadly, for decent work. As seen in Chapter 2, the sometimes dysfunctional nature of rural labour markets and the lack of labour market services can impede economic development. Conversely, effective labour administration can strengthen compliance with national law and can thereby contribute to a stable business climate by encouraging investment and supporting markets. In order to do this, national governments and local authorities need to promote efficient bureaucracies that are corruption- and harassment free, are transparent and consistent in the application of rules and regulations, and that protect and enforce contractual obligations and respect the rights of workers and employers.² Three key actors are central to effective and equitable labour market governance: a well-functioning system of labour administration and representative organizations of employers and workers.

285. A system of labour administration, as defined in the Labour Administration Convention, 1978 (No. 150),³ “covers all public administration bodies responsible for and/or engaged in labour administration – whether they are ministerial departments or public agencies, including parastatal and regional or local agencies or any other form of decentralized administration – and any institutional framework for the coordination of the activities of such bodies and for consultation with and participation by employers and workers and their organizations”. Their role in setting the framework of governance in the world of work through policies, laws and regulations is clear. Article 6 of that Convention states that “the competent bodies within the system of labour administration shall ... be responsible for or contribute to the preparation, administration, coordination, checking and review of national labour policy, and be the instrument within the ambit of public administration for the preparation and implementation of laws and regulations giving effect thereto”. Among the functions of the competent bodies figure the development of a national employment policy; the review of the situation of employed, unemployed and underemployed persons; the promotion of effective consultation and cooperation between public authorities and bodies and employers’ and workers’ organizations at national, regional and local levels as well as at the level of different sectors of economic activity; and at their request, the provision of technical advice to employers and workers and their organizations.⁴ Article 7 provides for the extension of

² ILO: *Conclusions concerning decent work and the informal economy*, International Labour Conference, 90th Session, Geneva, 2002.

³ Ratified by 67 ILO member States as of 31 October 2007.

⁴ While labour administration is clearly a government function, the close interaction of the system of labour administration with employers’ and workers’ organizations – through consultation, cooperation, participation, negotiation, delegation of certain activities, or provision of technical advice or information – is the subject of

the functions of the system of labour administration beyond the formal economy to include activities relating to the conditions of work and working life of workers who are not employed persons under the law, such as tenants who do not engage outside help, sharecroppers and similar categories of agricultural workers; self-employed workers who do not engage outside help, occupied in the informal economy; members of cooperatives and worker-managed undertakings; and persons working under systems established by communal customs or traditions.

286. The relevance of these provisions to any discussion of rural employment promotion and the challenges they pose to the tripartite constituents are evident. Key among them are: the need for explicit inclusion of rural issues within the national employment policy which takes into account the specific features of work in the rural economy; the need for a comprehensive framework of labour law that is sensitive to the most common forms of employment in the rural sector so that conditions of employment and work and issues of social protection are no longer dealt with in a legal limbo; and the institutional capacity of government and the social partners to engage in consultation and cooperation at the national, regional and local levels and to address conditions of work and working life of those who are not employees under the law.

287. In many developing countries, ministries of labour limit their realm of activities to waged workers, perhaps 10 per cent or less of the workforce, since the contract of employment is the main point of entry through which labour administrations act. Relatively few have extended the functions of labour administration to include activities relating to the conditions of work and working life in rural areas and in the informal economy, as foreseen in Article 7 of Convention No. 150. This may be due to a number of factors: the lack of human and financial resources to adequately monitor developments throughout the labour force as a whole; lack of linkages between the ministry of labour and other ministries with responsibilities in rural development, such as the ministry of agriculture or ministry of commerce and industry; lack of knowledge and contact with rural institutions; and weak institutional presence at provincial and local levels.

288. The Labour Administration Recommendation, 1978 (No. 158), in Paragraph 26, directly addresses the key issues associated with the decentralization of services. It recommends that field services be appropriately arranged for their effective organization and operation and in particular that they meet the needs of the various areas, that they be provided with adequate staff, equipment and transport facilities and that they have sufficient and clear instructions to preclude the possibility of laws and regulations being differently interpreted in different areas.

289. Many countries recognize the importance of building social dialogue institutions and networks at national level to ensure that the voices of social partner organizations are heard when national policies are discussed, developed, implemented and reviewed.⁵ In many cases, however, government agencies that deliver key services in rural areas are absent from such national level social dialogue, as are representative organizations of rural employers and workers, farmers, water users, pastoralists, fishers and the like. Horizontal linkages within government are needed to ensure that all relevant agencies are included in policy discussions, but vertical linkages of consultation, communication

Articles 1, 2, 3 and 5 of Convention No. 150, as well as numerous paragraphs of the accompanying Recommendation No. 158.

⁵ See, for example, “Tripartism as a key governance mechanism for inclusive poverty-reducing growth” in the Conclusions of the 11th African Regional Meeting, Addis Ababa, 24–27 April 2007.

and coordination are important as well. To the extent possible, social dialogue arrangements also need to be made at the regional, local and sectoral levels.

290. Many labour administrations are relatively weak and have little outreach beyond the national level. Many developing countries have inherited structures from the colonial past and have done little to reorganize their programmes, approaches and activities to achieve greater impact. Countries with a large share of the workforce living and working in rural areas may need to consider whether the goals, organizational structure, resource allocations and current working methods of their labour administration system enable them to deliver services that are essential for the welfare of rural workers and the self-employed. For example, in many countries, labour inspection is among the key services offered by ministries of labour, but inspection focuses almost solely on factory inspections, leaving aside most agricultural workplaces. Little has been done to develop collaboration with other government inspectorates responsible for work in rural areas, for example, health inspectorates or safety inspectors in rural electrification. In some cases, labour administration may not take account of rural issues, simply because there is no unit designated as responsible for such questions. Countries with administrative units responsible for women's issues or for child labour issues offer an example of how structural changes within the organization of work within a ministry can result in attention being paid to particular issues of concern. To improve the impact of their efforts, a number of countries have already embarked on the process of re-engineering their labour administration to promote decent work.⁶

291. The establishment of the National Economic Development and Labour Council (NEDLAC) in South Africa provides an example of rethinking the interaction between government and constituents with a view to making economic decision-making more inclusive and promoting economic growth and social equity. NEDLAC brings together several departments of government, organized business, organized labour and organized community groups on a national level to discuss and try to reach consensus on social and economic policy issues through social dialogue. NEDLAC is funded through the Department of Labour, but the Departments of Trade and Industry, Finance and Public Works are also centrally involved and other departments attend meetings when an issue relevant to their portfolios is discussed. NEDLAC seeks constructive relationships with provincial governments and provincial economic and developments forums as well.

Institutions of social dialogue

292. Strong institutions of social dialogue can be a significant factor in promoting good governance in the world of work. In relation to labour market governance, social dialogue offers voice to those most affected by the issues under deliberation. Whether at workplace level or in national labour market institutions, such as tripartite labour advisory bodies, health and safety councils, productivity centres, or welfare funds, social dialogue can widen understanding of public policy-making processes and increase transparency and accountability in decision-making. A formal role for the social partners in tripartite bodies does not necessarily translate into real influence, however. Such bodies must exercise autonomy from the State and the social partners must be fully representative of the parties in the world of work. Where the social partners are weak or fragmented, such institutions play a minor role.⁷

⁶ See G. Casale et al.: *Re-engineering labour administration to promote decent work* (Geneva, ILO, 2006).

⁷ See A. Sivananthiran and C.S. Venkata Ratnam (eds): *Best practices in social dialogue* (New Delhi, International Labour Organization subregional office for South Asia and Indian Industrial Relations Association, 2003).

293. A number of enabling conditions must be present for social dialogue to take place. These include respect for the fundamental rights of freedom of association and collective bargaining; strong, independent and representative organizations of workers and employers with the technical capacity and the access to relevant information to participate in social dialogue; the political will and commitment to engage in social dialogue on the part of all parties; and appropriate institutional support. Governments are responsible for providing the enabling environment within which employers and workers can exercise their right to form and join organizations of their own choosing without fear of reprisal or intimidation and for establishing the legal, institutional and other frameworks that enable the parties to engage effectively.

294. The main goal of social dialogue is to promote consensus building and democratic involvement among the main stakeholders in the world of work – governments and employers' and workers' organizations. Successful social dialogue structures and processes have the potential to resolve important economic and social issues, encourage good governance, advance social and labour peace and stability and boost economic progress.⁸ For example, in a number of ILO member States governments, and employers' and workers' organizations have, through a process of social dialogue, been able to incorporate elements of the Decent Work Agenda into the PRSP process.

Collective bargaining in agriculture: Extending good governance to rural areas

295. Collective bargaining is one of the most widespread forms of social dialogue. In rural areas, collective agreements in the agricultural sector have an extremely important role to play in securing decent conditions of work and ensuring stable labour relations on plantations and commercial farms. They often set out agreed principles and processes of governance at the enterprise level. Many collective agreements incorporate relevant provisions of the labour code with regard to issues such as working time, overtime pay, leave and medical care, for example. This is important for two main reasons. First, because knowledge and enforcement of the law tend to be weak in rural areas, whereas the provisions of collective agreements are known to, and have been accepted by, the parties concerned, and second, because labour codes frequently treat the agricultural sector differently from other sectors with regard to these issues. Incorporation of legal provisions within the agreement clarifies the applicable law. The collective agreement constitutes a shared understanding of the rights and duties of employers and workers at the farm level. Since many large farms and plantations are in remote locations, infrequently visited by labour inspectors, this common understanding is of great importance.

296. An analysis of 23 recent collective bargaining agreements in agriculture from Africa revealed the importance of such agreements to ensure basic rights in the workplace as well as the setting out of procedures to ensure stable labour relations. All agreements included sections on wages, overtime and severance pay, occupational safety and health, and funeral costs and facilities. The latter section may be one indicator of the impact that HIV/AIDS is having on the agricultural workforce in Africa and the efforts of employers and workers to deal with the consequences of the disease in a humane manner. Twenty-two of the 23 agreements included sections on allowances (e.g., housing allowance), leave (e.g., annual leave, sick leave, maternity leave and compassionate leave) and medical care. Twenty-one agreements contained provisions

⁸ <http://www.ilo.org/public/english/dialogue/ifpdial/areas/social.htm>.

related to the handling of conflict (e.g., warnings and termination of employment) and leave to attend to union business. Approximately three-quarters of the agreements contained clauses regarding the employment status of the worker (permanent, seasonal or casual), which demonstrates the importance of this question for workers' well-being, and a number set out a probationary period, time frame or process through which workers could move from less stable to more regular employment, for example, from seasonal to permanent status. Seventeen agreements contained provisions related to education, whether of workers themselves or of their children, and 18 included provisions related to incentives.

Decentralization

297. Good governance at local levels refers to the quality, effectiveness and efficiency of local administration and public service delivery; the quality of local public policy and decision-making procedures and the manner in which power and authority are exercised. Local government – whether provincial, municipal or village councils or other forms of sub-national government authority – is the essential institutional building block towards sound local governance. But life must be instilled into institutions through mechanisms and procedures for management of local public affairs that are responsive to the needs of the local community, including business people, civil society organizations, and other stakeholders, such as user groups.

298. Good governance in rural areas can be facilitated by decentralization, the political restructuring that devolves administrative, and less commonly, fiscal, power to local-level administrative units. Decentralization can lead to more effective and efficient service delivery. Devolving resource allocation decisions to local leaders, it is thought, can improve the match between the services available from the public sector and the preferences of the local population. Because local officials have better knowledge of local conditions and are more accessible to their constituents, they may prove more responsive to local needs and desires and more accountable for their decisions. Decentralization is thought to be particularly beneficial for rural development in disadvantaged jurisdictions as it usually entails a net transfer of fiscal resources from richer to poorer areas and leads to an increase in the quantity and quality of expenditures in these areas.⁹

299. Democratic local governance does not arise through a simple shift of power and responsibility from the centre to the local; it is rather a way of connecting the local into processes of national government and governance. The concept involves the vertical transfer of responsibilities and resources from central to local government, as well as the development of horizontal networks between local governments and local non-state actors. Local democratic governance needs efficient and effective national governance to provide direction, shape practices and regulate relationships.

300. Where successful, decentralization can contribute to more accessible, legitimate and accountable government; better service delivery; more balanced and sustainable village development; speedier resolution of local disputes; and greater empowerment of the most vulnerable and disadvantaged groups. Local government can also offer a training ground for political leadership and management of public affairs.

301. Building institutions of democratic governance is not easy, however, and decentralizing already weak institutions solves few problems. In countries where

⁹ World Bank: Overview of rural decentralization in India (27 Sep. 2000) available at <http://www1.worldbank.org/wbiep/decentralization/>.

decentralization has been initiated, the devolution of responsibility has not always been accompanied by devolution of authority or the allocation of sufficient human and budgetary resources to provide the needed services to rural areas, particularly to remote, scattered localities. Decentralization without the necessary capacity building, both among local authorities and local stakeholders, may further weaken a government's ability to carry out its functions. Nor does decentralization solve the problem of capture of governmental processes by powerful elites, who in rural areas, may own or control access to land, water and other productive resources on which the wider population depends.

Box 7.2
Contrast in governance

Good governance

- Participation of organized and individual citizens and local stakeholders in local public sector decision-making, partnerships among local stakeholders, civic engagement of women's organizations.
- Transparency or information sharing, open behaviour, clear decision-making procedures.
- Efficiency of local authorities in achieving their objectives ("pro-poor" development) or in managing their public resources.
- Equity or impartial and equal treatment of similar cases by local authorities; delivery of services to meet specific needs and interests of both women and men.
- Accountability of elected representatives to voice the interests and priorities of their constituents and keep them informed of local government business; accountability of local civil servants to implement priorities and plans established by local elected representatives and to keep them informed.

Poor governance

- Civil society unengaged in public life.
- Lack of representative organizations, lack of participation in decision-making on issues of public concern.
- Arbitrary policy-making without considering the impact of decisions on key stakeholders, the general public, and vulnerable groups; lack of awareness of the differentiated impacts of policies and programmes on women and men.
- Unaccountable bureaucracies serving their own interests, rather than those of the public.
- Unenforced laws or unjust legal systems that fail to protect rights, redress injustices or provide timely and equitable resolution of disputes.
- Corruption and abuse of power that undermine public confidence in government.

Source: Angelo Bonfiglioli: *Empowering the poor: Local governance for poverty reduction*, United Nations Capital Development Fund, New York, 2003.

Territorial approaches

302. Nonetheless, as globalization advances, so does localization. Territorial approaches to development, sometimes referred to as local economic development (LED), have been adopted by many governments and are increasingly supported by a growing number of international organizations. In part, they have emerged in response to the disappointing results obtained from traditional top-down, supply-side development strategies. The

concentration of decision-making in urban areas, particularly the capital, the non-inclusion of representative rural organizations in policy-making processes and the sheer physical distance – not to mention the economic and social differences – that separates urban decision-makers from the rural milieu have often skewed national policies, programmes and resource allocations to the detriment of rural areas.

303. Territorial-based strategies present a number of potential social and economic benefits, in that they allow local people and institutions to adopt a more proactive stance with regard to their own future. The active involvement of a variety of stakeholders not only helps to develop a stronger local civil society, but can also contribute to making local institutions more transparent and accountable. LED calls for innovative thinking to work out development strategies based on the distinct economic and social assets of the region, province, municipality or district concerned. The development plans that result commonly focus on such areas as the improvement of local enterprise competitiveness and exports, the stimulation of entrepreneurship, the promotion of micro-enterprises, SMEs and cooperatives, the attraction of inward investment, the improvement of skills and knowledge, the reduction of social exclusion, and the improvement of infrastructure.

304. The basic elements which define LED initiatives include the participation of local actors, a proactive attitude of local government, the existence of local leadership teams, public-private cooperation, and coordination among institutions for local economic development. Local authorities have become key partners in such processes.¹⁰

305. Nonetheless, local and regional governments generally face a difficult development environment. Lack of a supportive national policy framework, funding and government capacity can limit the ability of sub-national institutions to develop and implement successful strategies, especially in those areas where capacity constraints are greatest. Notwithstanding the trend towards decentralization which can give impetus to territorial approaches, the nation State's economic, political, and legal systems remain in most cases the framework in which economic and social activities at the local level take place. For example, in countries with adverse macroeconomic framework conditions, the amount of growth and employment that can be generated through territorial development approaches is limited. The link between national and local or regional policies and the funding to implement these policies are crucial for any successful territorial development strategy.

306. The increasing reliance on territorial strategies highlights the need for good governance at all governmental levels. Whereas traditional development strategies have relied mostly on national systems and on the capabilities of central government officials, today the design and implementation of development strategies are no longer a purely national concern. The success of territorial strategies depends, to a large degree, on the existence of appropriate local and regional institutional systems and on the availability of the necessary frameworks and skill levels at all government levels.

The cost of poor governance

307. Globalization lays bare poor governance, exposing institutional weaknesses, and the sometimes tenuous control that some governments exercise in their national territory. Poverty and poor governance raise the likelihood that social unrest and armed conflict will affect a country. Indeed, it has been estimated that almost 40 per cent of the States

¹⁰ See UNDP: *A Global analysis of UNDP support to decentralization and local governance programmes 2001* (Institutional Development Group, Bureau for Development Policy, Sep. 2002), as well as <http://www.undp.org/governance/sl-dlgud.htm> for UNDP handbooks on decentralized governance.

ranked as low on the Human Development Index were affected by armed conflict during the ten-year period 1997–2006 whereas less than 2 per cent of those rated as high human development States were so affected.¹¹

308. Armed civil conflict disproportionately affects those living in rural areas, where people live from the land, competition for natural resources is intense and the capacity for governance can be weak. In some cases, the near-absence of the State is exploited by major economic players – plantations, logging and mining companies – as well as guerrilla and paramilitary groups, drugs and weapons dealers, and rival political or ethnic interests. In some, national armies and security forces contribute to the general lawlessness by engaging in rape, pillage and extrajudicial killings, while armed insurgents prey on rural populations and forcefully induct children into their ranks. In a number of countries, assassinations, abductions, torture, intimidation, looting and burning of homes and crops, and threats of further violence have led to forced displacement of the rural civilian population, forced land sales or abandonment of land. Violence against trade union organizers and representatives of rural workers is exercised with impunity.¹²

309. Armed conflict has been called one of the four traps that keep the world's poorest countries poor and keep the world's "bottom billion" confined to a life of poverty in stagnant or shrinking economies.¹³ The average annual cost of conflict in Africa, for example, has been estimated at 15 per cent of GDP, or roughly one-and-a-half times the average African spending on health and education combined, a tremendous economic burden with dramatic social consequences. Conflict-ridden countries in that region have 50 per cent more infant deaths, 15 per cent more undernourished people, life expectancy reduced by five years, 20 per cent more adult illiteracy, two and a half times fewer doctors per patient and 12.4 per cent less food per person compared to their regional neighbours living in peace.¹⁴

310. It may be in the breach that the key principles of governance are the most keenly recognized. For example, the Comprehensive Peace Agreement concluded between the Government of Nepal and the Communist Party of Nepal (Maoist) in 2006 after ten years of civil strife refers in its preamble to "the popular mandate in favour of democracy, peace and progress" and "commitments to a competitive, multiparty democratic system, civil liberties, fundamental rights, human rights, complete press freedom and all other democratic norms and values including the concept of the rule of law". In section 3 of the Agreement, the parties agree to "pursue a political system that fully complies with universally accepted fundamental human rights", to "end discrimination based on class, ethnicity, language, gender, culture, religion and region ..." and to prepare and implement a common minimum programme of socio-economic transformation to end all forms of feudalism. Among the policy areas cited are those to establish the rights of all citizens to education, health, shelter, employment and food security, as well as those to provide land and socio-economic security to

¹¹ Project Ploughshares at www.ploughshares.ca See also the Failed States Index, which ranks nations on a set of 12 social, economic and political indicators that together indicate the relative capacity or incapacity of States to govern. Explanations and rankings can be viewed at <http://www.fundforpeace.org>.

¹² ITUC: *Annual survey of violations of trade union rights*, 2007.

¹³ P. Collier: *The bottom billion: Why the poorest countries are failing and what can be done about it* (Oxford, Oxford University Press, 2007).

¹⁴ IANSA, Oxfam and Saferworld: *Africa's missing billions: International arms flows and the cost of conflict*, Briefing paper 107, Oct. 2007.

communities such as landless squatters, bonded labourers, tillers, bonded domestics, bonded cattle-tenders and other such groups.

311. Similarly, the Agreement on Social and Economic Aspects and the Agrarian Situation,¹⁵ which in 1996 put an end to 36 years of civil war in Guatemala, spelled out the principles of democratization and participatory development, notably consensus-building and participation at the local level, and of social development, relating to education and training, health, social security, housing and work. It described in some length the “essential and unavoidable” need to solve the problems of agrarian reform and rural development “in order to address the situation of the majority population, which live in rural areas and is most affected by poverty, extreme poverty, injustice and the weakness of State institutions”. The principles of participation set forth in that section stress the need to “strengthen the capacity of rural organizations such as associative rural enterprises, cooperatives, small farmers’ associations, mixed enterprises and self-managed and family businesses to participate fully in decisions on all matters concerning them” as well as the need to “establish or strengthen State institutions ... involved in rural development so that they can promote such participation, particularly the full participation of women in the decision-making process”. The Agreement affirmed the State’s fundamental and vital role “as the guide for national development, as a legislator, as a source of public investment and provider of services and as a promoter of social cooperation and conflict resolution”. It was seen as essential that the State “increase and refocus its efforts and its resources towards rural areas” and that it “promote agrarian modernization in a sustained manner, in the direction of greater justice and greater efficiency”.

312. Such agreements between former adversaries affirm common principles of governance on which peace and social justice can be built. These key principles are given life, however, through processes of empowerment and the strengthening of institutions for voice and representation. The lessons drawn by those who have endured the bitter experience of civil conflict can offer insights into the steps needed to build more responsive institutions and participatory processes of governance, that contribute to addressing national development challenges in an integrated, rather than piecemeal manner.

Challenges for the social partners: Building new partnerships, addressing new issues, working with rural organizations

313. Since decent work deficits are often traceable to good governance deficits, it is important that the interests of rural populations are represented in the formulation and implementation of laws, policies and programmes that affect them. Increasing the participation of small- and medium-business operators, rural workers and small farmers in these processes, and strengthening the social partner organizations that represent them contribute to good governance.

314. Good governance requires representation and participation at several levels and in many forums in order to achieve a degree of policy coherence and communication between one level and another. National organizations of employers and workers need to ensure that their rural affiliates are included in the national-level tripartite consultation

¹⁵ Agreement on Social and Economic Aspects and the Agrarian Situation concluded on 6 May 1996 between the Presidential Peace Commission of the Government of Guatemala and the Unidad Revolucionaria Nacional Guatemalteca available at http://www.usip.org/library/pa/guatemala/guat_960506.html.

and dialogue processes that focus on rural issues and that the results of policy discussions are disseminated to their local affiliates. Central organizations are also well placed to militate for the placement of issues of concern on the national policy agenda, either separately or as part of a more general discussion of nationwide interest, for example, by ensuring that rural employment issues figure within any national debate on employment policy. One of the key challenges for the social partners is to increase their outreach and engagement in rural areas, as this can involve building new partnerships and alliances both at national and local levels.

315. There are numerous examples of the social partners working together with civil society institutions and organizations, such as cooperatives, economic producer organizations, and other community-based rural organizations that share the same values and objectives and pursue them in a constructive manner. Collaboration proceeds most smoothly when all parties respect the roles and responsibilities of others, particularly concerning questions of representation.¹⁶

316. One of the key questions that agricultural trade unions have addressed over the past 15 years, especially in the light of the impacts of globalization and structural adjustment policies, has been how to strengthen relationships between trade unions representing waged workers and small farmers' organizations. Building networks and alliances is considered key to ensuring the participation of these groups and organizations in national decision-making processes, and in achieving sustainable agriculture and rural development. Whilst there are many issues of common concern around which the two types of groups can unite, the relationships and interaction between them can also pose dilemmas, for example, when small farmers are employers or, in the process of land reform, when their interests may differ and livelihoods are at stake.

317. To build links and alliances between trade unions and small farmers' organizations, the IUF started a Land and Freedom Project in 1998¹⁷ to ensure the common defence of legal rights, improved access to land, and greater influence on local, national, regional and international policies, and to counter the concentration of power of multinational enterprises in the agricultural sector. It has developed models to help trade unions and small farmers to work more closely together, and to adapt trade union structures, rules and training programmes with a view to recruiting small farmers as members.

318. Mobilization at the grassroots level has led to the emergence of a wide variety of community-based organizations in rural areas, which are unlike traditional workplace-based trade unions. In some cases, trade unions have chosen to work alongside or in close collaboration with such local organizations when their primary aim is to promote and defend workers' rights and this has led to more broad-based organizations in rural areas. For example, the Confederation of Mexican Workers (CTM) has broadened its base by bringing together within its purview a wide range of organizations, such as cooperatives, production associations, social interest enterprises, agricultural credit associations, agrarian communities and small businesses.¹⁸

319. Peasant organizations – including national peasant organizations and coalitions, peasant women's organizations, landless peoples' movements, family-farm coalitions, and agricultural labour associations – can also play an important role in rural areas. Such organizations often work on issues such as gender equality and social justice in fair

¹⁶ See resolution concerning tripartism and social dialogue, International Labour Conference, 2002.

¹⁷ IUF: Land and Freedom Project Report, Geneva, 2002.

¹⁸ ILO: *Organizing for social justice*, Global Report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work (Geneva, 2004).

economic relations; the preservation of land, water, seeds and other natural resources; food sovereignty; and sustainable agricultural production by small- and medium-sized producers. Many advocate a model of peasant or family-farm agriculture based on sustainable production with local resources and in harmony with local culture and traditions.

320. *Confederação Nacional dos Trabalhadores na Agricultura* (CONTAG) in Brazil is the world's largest national organization representing both agricultural wage earners and self-employed farmers. CONTAG has some 9 million members, approximately 3 million waged workers and 6 million smallholders. Such unions usually have separate organizational and political structures for dealing with the dual types of membership. Sometimes the relationship between the two types of members is not easy, especially where small farmer members, who form the base of CONTAG, also employ waged labour. CONTAG recognizes the need to discuss and, to the extent possible, reconcile the different realities and needs of the two groups. With regard to wages, for example, when small farmer members hire in labour during planting or harvesting, the waged worker is covered by the collective agreement established for the particular crop in that locality or state. In the event that there is no collective agreement, the reference wage should not be lower than the national minimum wage.

321. The General Agricultural Workers' Union (GAWU) in Ghana was one of the first agricultural unions to address the problem of the decline in union membership in rural areas by establishing partnerships with other community-based organizations working locally. Its strategy was to open its membership to all rural workers – both wage earners and the self-employed – so as to extend the role of trade unions beyond the worker-employer relationship. It also pursued broader goals such as agrarian reform and rural development. GAWU has played a rural development role through different interventions, such as support services targeted at the self-employed, group enterprise promotion, transfer of improved technology and techniques, economic support services and social and community development activities. GAWU has also worked to sensitize local religious leaders and teachers on rural employment issues at the local level. For example, in 2004, GAWU co-sponsored with the ILO a workshop on the elimination of hazardous child labour in agriculture, which brought together men and women farmers from eight of the country's ten regions. Many of them were elected representatives or councillors in local assemblies, and some were chiefs.

Box 7.3
New forums for dialogue: Eliminating child labour
in the cut-flower sector in Ecuador

In 2002, following Ecuador's ratification of the Worst Forms of Child Labour Convention, 1999 (No. 182), the country's association of flower producers and exporters (EXPOFLORES) became a signatory to a statement on eradicating child labour. Ongoing international and consumer concern about the use of child labour in the cut-flower sector provided additional impetus for setting up the Social Forum for Flower Production in 2005. The ILO played a proactive role in the creation of the Forum, ensuring that it was tripartite in nature. An ILO baseline study helped companies to evaluate the extent of child labour on plantations and provided the basis for the development of an action programme on the elimination of child labour in the cut-flower industry. One of the Forum's main successes has been the promotion of social dialogue by bringing government, companies and trade unions together.

The flower Forum approach has proven useful in improving governance in the flower sector. Strong ministerial support and a period of capacity building, supported by the ILO and other international organizations, were essential prerequisites for the creation of the Forum. Child labour provided an entry point on which dialogue-based consensus between business and labour interests was relatively easily achieved and this success could in turn stimulate consensus building on other labour topics. The process of dialogue has led to a growing understanding that solving social problems is not solely a governmental function and that tripartite action might be the most suitable way to deal with the problem of child labour. International pressure has been an important factor in spurring action on child labour.

Source: ILO: Tackling hazardous child labour in agriculture: Guidance on policy and practice, Guidebook 4, section V.I (Geneva, 2006), p. 26.

322. Employers' organizations can also contribute to rural employment promotion by linking up strategically with farmers' unions, cooperative organizations and other member-based organizations in rural areas. In countries where agricultural commodity production is a major sector of the economy, national employers' organizations often have affiliated crop associations that engage in sector-wide bargaining, reaching agreements with agricultural trade unions on the terms and conditions of employment that can affect wide swathes of the rural workforce. The Federation of Kenya Employers, for example, acts as a secretariat to a number of trade associations, including the Sisal Growers and Employers' Association, the Agricultural Employers' Association and the Kenya Coffee Growers' and Employers' Association and has the Kenya Tea Growers' Association as one of their affiliates. Employers' organizations can improve economic governance through the strengthening of the voice of local entrepreneurs and by building business linkages to the larger economy.

323. In Ghana, the Ghana Employers' Association developed, with ILO support, a training manual for strengthening small business associations. This led to a more effective participation of rural entrepreneurs in statutory local government bodies set up to stimulate and coordinate local economic development programmes in rural areas.

324. In Viet Nam, the Chamber of Commerce and Industry has assisted a large cashew farmers' organization to provide members with market price information updated through radio bulletins. The Chamber also introduced potential business partners to their provincial counterparts (such as the Fair Trade Organization) in order to establish sustainable market linkages.

325. Representative organizations can also help members through bulk buying, sharing of facilities, training, credit access or marketing, as in the case of the Federation of Agricultural Associations in Armenia, whose aim is "to support the development of member agricultural organizations and assist them to solve their common legal, managerial, technical and social problems". Local member associations and cooperatives provide representation and advocacy for their members and function to support and defend their members' common interests in legal, business and agricultural matters. At the national level, the Federation provides a platform to advocate on behalf of its member organizations with other organizations, including judicial bodies and government.¹⁹

326. Cooperatives in many countries are significant employers, particularly in rural areas. They provide jobs in agriculture – production, processing, marketing and sales – as well as in other sectors, such as financial services, health, electricity and water,

¹⁹ Source: www.faa-ule.am/about.htm.

housing and tourism to name only a few. Cooperatives tend to be stable employers, especially in rural areas, as their members live in the community where the cooperative is located. The International Cooperative Alliance has estimated that cooperatives contribute to the livelihoods of some 750 million members and their families. Cooperatives are also direct providers of jobs and stimulate further employment by providing goods and services that enable other enterprises to thrive and thus keep money circulating within the community. Indeed, the decisions taken by cooperatives tend to balance the need for profitability with the needs of their members and the wider interests of the community. As a result, cooperatives often respond to community development opportunities and challenges. For example, where savings and credit cooperatives exist in rural communities, they tend to be the sole provider of secure financial services and an important conduit for remittances from migrants. So, too, with rural electricity cooperatives or biofuel cooperatives, that supply energy to local communities and family farms, where commercial companies might find it too costly or insufficiently profitable to invest.

327. Aside from economic benefits, cooperatives can empower individuals and communities. Often referred to as “schools for democracy”, cooperatives offer members the opportunity to more fully develop their knowledge of economic issues and democratic procedures and to hone their leadership and negotiation skills. Cooperative values and principles are especially important in the rural context – self-help, self-responsibility, democracy, equality, equity and solidarity, and the ethical values of honesty, openness, social responsibility and the principle of caring for their members and their communities.²⁰

328. Most agricultural production is in the hands of family-owned farms, making agriculture a highly fragmented economic sector. One of the fundamental objectives of an economic producer organization (EPO)²¹ is to group farms so that agricultural producers are able to enter or enhance their position in the market, for example by improving access to credit, purchase of inputs, reduction of production costs, logistics, marketing, merchandizing, processing, or distribution. The creation of an EPO is only possible when farmers have gone beyond subsistence farming and have the capacity to develop a medium- or long-term vision for their collective project, based on values such as solidarity. Providing technical support to farmers – in the form of training, technical advice, sanitary controls, or information exchange – is one of the primary tasks of an EPO, although not all EPOs have either the interest or capacity to provide a wide range of services to their members.

329. According to the International Federation of Agricultural Producers, EPOs can only appear and expand where the rule of law allows for the emergence of civil society organizations, where the freedom to do business is recognized and where economic regulation, security and justice mechanisms are in place. Because they are not enterprises “like any other”, EPOs must have the benefit of specific legal measures as well as legal recognition and status in order to operate. In addition, a satisfactory level of general services is needed in rural areas for EPOs to function successfully, since agricultural producers rely on access to water and energy for their storage and processing operations and communication channels between production zones and consumer catchment areas

²⁰ See the Promotion of Cooperatives Recommendation, 2002 (No. 193), as well as www.ica.coop/coop/principles.html.

²¹ The International Federation of Agricultural Producers (IFAP) defines the term “economic producer organization” to include cooperatives, producer associations and other forms of economic structure, but not to include unions, chambers of agriculture and other forms of non-economic associative body.

in order to market their goods. Given the important role EPOs can play in the rural economy, their representation and participation in governance bodies on agriculture and rural development are considered vital.²²

330. Representative organizations of employers and workers lend structure to the world of work and, through the practice of social dialogue, contribute to good governance. Decent work deficits in rural areas frequently stem from governance deficits, and the social partners have an important role to play in addressing these. Together they can strive to include rural issues within national policy frameworks on employment, to increase investment in public goods and services, such as education and health care in rural areas that contribute to better quality jobs, and to strengthen rural labour market institutions to provide better outcomes for employers and workers. In many countries, the capacity of the social partners to adopt an integrated approach to rural employment promotion needs to be strengthened. Decent Work Country Programmes that provide capacity-building activities for the social partners may be one avenue through which to achieve this.

Key policy guidelines

- Ensure explicit inclusion of rural issues in the key national policy frameworks, including employment policy.
- Promote tripartite social dialogue and consultation at national and local levels.
- Strengthen state institutions and the rule of law in rural areas, particularly in conflict-affected regions.
- Promote effective and equitable labour market governance in rural areas by strengthening the system of labour administration and ensuring that labour inspection provides effective protection in law and practice.
- Improve the quality, effectiveness and efficiency of local administrations and public service delivery.
- Increase the outreach and engagement of social partners in rural areas.
- Strengthen processes of empowerment and organization and the institutions for voice and representation.
- Promote effective policy coordination and coherence at the national, local and international levels.

²² IFAP: Statement on economic organization of agricultural producers in the world (Paris, 2004).

Chapter 8

Summary

The Decent Work Agenda in rural areas

The complexity of rural poverty and rural labour markets

331. Three-quarters of the world's poor live in rural areas, making the promotion of rural employment for poverty reduction fundamental both to the realization of the MDG of halving extreme poverty and hunger by 2015, and for the realization of decent work for all. However, the rural poor and rural areas are heterogeneous categories. Rural economies are generally mixed, households typically undertake concurrently both farming and off-farm activities and work opportunities reflect a multitude of social and economic factors, including social norms, seasonality and migration patterns.

332. Although rural labour markets are diverse, they typically comprise on the one hand, a large number of low-skilled, poorly remunerated agricultural jobs and often relatively low productivity, survival-oriented self- and waged off-farm employment with, on the other hand, a much smaller range of high-skilled, relatively highly productive and remunerated jobs. The balance between these two segments depends on levels of development and other country-specific conditions. In addition, especially in developing countries, rural areas face various governance challenges and labour markets tend to be poorly regulated and decent work deficits are typically stark.

333. Given this complexity, policy-making and implementation in rural areas presents many challenges. Policy outcomes are typically multivariate and sometimes difficult to predict. For example, poverty targeted policies may have outcomes where some rural poor people gain and others may lose. For instance, raising the price of food staples will hurt net buyers of food (who will constitute the largest group of rural poor in some countries) and benefit net sellers of food (who may constitute the largest group of rural poor in other countries). Similarly, increasing migration from rural areas may lift some people out of poverty but take others to a life of misery in an urban slum. These examples illustrate that policies to address rural poverty cannot be treated in isolation.

334. Even *within* rural households, poverty will be experienced in different ways and policies need to be designed to take account of, for example, prevailing gender norms because men and women are likely to experience poverty differently. The obvious implication of this type of analysis is that there are no blueprint solutions to promote employment and reduce poverty in rural areas. Policies must be context-specific if they are to have any chance of success.

Sustainable growth and integrated responses based on the Decent Work Agenda

335. **Growth** is fundamental to development and the private sector is a key driver of growth in rural as well as in urban areas. Growth needs to be economically, socially and environmentally sustainable. Growth is a necessary but not a sufficient condition for poverty reduction. The pattern and distribution of growth and, in particular, the degree to which growth creates jobs will determine whether growth is pro-poor or not. Sound and stable macroeconomic policy and good management of the economy calls for monetary, fiscal and exchange rate policies that guarantee stable and predictable economic conditions. Sound economic management should balance the twin objectives of creating more and better jobs with combating inflation and provide for policies and regulations that stimulate long-term productive investment in rural areas. Attention should also be given to increasing aggregate demand as a source of economic growth in rural areas. In the case of developing countries, growth usually requires the support of the international community through debt relief, ODA and better access to developed country markets. Governments have a vital role to play in underpinning growth in rural areas through a range of interventions.

336. **Agriculture plays a pivotal role** in the growth and structural transformation of economies. Growth originating in agriculture is particularly effective in reducing poverty because so many poor people reside in rural areas. Agricultural productivity determines food prices and has a major influence on rural incomes and wage costs. Many developing countries retain comparative advantages in primary activities (agricultural and natural resources) and experience strong multiplier effects of growth in agricultural output. Historically, agricultural growth was the precursor to growth elsewhere in the economy and although conditions today do not mirror those previously experienced by developed countries, the nature of agriculture as the foundation for early growth is well established.

337. Rapidly growing rural populations which outpace growth in opportunities for agricultural employment imply that creating jobs and reducing poverty in rural areas requires increased depth and diversity of rural economies. This implies the need for programmes and policies to stimulate activities which make use of resource endowments in rural areas, such as agro-processing and tourism but as the rural and urban spheres become ever more interconnected, rural economies are likely to become more diversified in terms of the livelihood activities undertaken.

338. **Good governance** and stronger government institutions provide the framework for generating more and better jobs through growth in rural areas. Generating more and better jobs and reducing poverty in rural areas calls for better management of the political economy of agricultural policies to overcome policy biases against rural areas, including underinvestment and misinvestment. Good governance requires strengthening the capacity of the state; strengthening civil society; boosting democracy, voice and representation, including through giving effect to freedom of association and social dialogue; better delivery of services, through decentralization, community driven and territorial approaches; and, at the international level, trade reforms.

339. Rural poverty cannot simply be reduced by relying on structural change and migration to urban metropolitan areas, in part because the movement of unprepared poor individuals largely ends up displacing rather than reducing poverty. Thus **territorial approaches** are needed that build local competitive advantages and focus on systemic competitiveness. Competitive advantage is created, not inherited and natural endowments and similar comparative advantages are just as important as the dynamism

of entrepreneurs and the intensity of local competition and the ability of local actors to engage in effective collective action.

340. The territorial approach is an important way to promote rural development. This approach: favours the advance of all economic activities in the rural territories, not just agriculture; promotes the participation of local populations and the strengthening of local institutions; takes a strategic planning approach based on identifying potential development axes for the territory, making good economic use of the different territorial assets, and promoting economic coordination institutions in the territory; and takes advantage of territorial identity as a development asset.

Strategic objectives and policy guidelines

341. This report has highlighted the fact that rural markets are characterized by significant market failures which result in inefficient and inequitable outcomes. It has also outlined how the heterogeneity and segmentation of rural labour markets affect the potential benefits of growth and development. Economic growth is necessary for poverty reduction but it does not necessarily lead to employment growth and when it does, it does not necessarily follow that decent jobs are created. In addition to the rate of growth, the pattern and distribution of growth are also important for poverty reduction. In rural areas, the challenge is almost invariably about creating both more productive jobs in agriculture and the off-farm economy and ensuring that jobs are decent. This is the fundamental challenge.

342. The complex and variable nature of rural labour markets makes the formulation of generic policy messages difficult. Nevertheless, on the basis of the preceding chapters, box 8.1 attempts to highlight strategic objectives and policy guidelines for addressing decent work deficits in rural areas.

Box 8.1
Decent work policy framework for rural areas:
Strategic objectives and policy guidelines

- 1. Employment: Generate more and better jobs through sustainable growth in rural areas**
 - ❑ Promote growth in rural areas that is economically, socially and environmentally sustainable.
 - ❑ Promote a conducive environment for sustainable enterprises in rural areas (farm and off-farm).
 - ❑ Improve small farmers' access to market opportunities by supporting their participation in national and global value chains.
 - ❑ Increase non-farm rural employment opportunities.
 - ❑ Make rural employment more attractive to young people.
 - ❑ Attract private investment into rural areas.
 - ❑ Increase investment in public goods and services in rural areas and reverse its declining trend (infrastructure, education, health, water and sanitation).
 - ❑ Provide better access to education and skills upgrading in rural areas.
 - ❑ Increase the breadth and depth of financial services in rural areas.
 - ❑ Improve equity, efficiency and social inclusion through appropriate taxation.
 - ❑ Promote access to land and its productive use, via agrarian reform, the promotion of land rental markets and services to small farmers.
 - ❑ Promote minimum wage-fixing for agricultural activities and avoid policies that promote falling agricultural earnings.
 - ❑ Use territorial approaches to promote rural employment and poverty reduction.

2. Social protection: Extend coverage in rural areas

- Improve the design and governance of social security programmes, in particular in low-income countries, for efficient delivery of adequate benefits.
- Increase access to and utilization of basic services (schools, health care, childcare) in rural areas by investing in the supply of services (infrastructure, staff, etc.) and by using cash transfers and/or insurance mechanisms to increase the demand for services.
- Provide income security for poor people in old age, invalidity and survivors through social pensions.
- Guarantee access in rural areas to basic means tests/self-targeting social assistance for the poor and unemployed in active age groups.
- Foster policy integration at national and local levels to achieve synergies between social security, employment and other social policies to enhance social inclusion.
- Promote the inclusion of the agricultural sector in national OSH policies and programmes and in awareness-raising activities aimed at promoting a preventative safety culture.
- Introduce low-cost, simple measures to identify and address the occupational health and safety hazards in rural communities.
- Explore the possibility of adopting minimum wage policies, set at adequate levels and that can be effectively enforced, to help protect the most at-risk workers and combat gender discrimination in pay at the bottom end of the pay scale.
- Promote a more equal division of paid and unpaid work between men and women, in particular through child-care arrangements, to strengthen the social and economic security of families.

3. International labour standards: Close the gap for rural workers

- Respect, promote and realize:
 - freedom of association and the effective recognition of the right to collective bargaining;
 - the elimination of all forms of forced or compulsory labour;
 - the effective abolition of child labour;
 - the elimination of discrimination in respect of employment and occupation.
- Increase the ratification and effective implementation of fundamental Conventions and other relevant labour standards, including those related to safety and health, labour inspection and social security.
- Ensure that rural workers and, in particular agricultural workers, are covered under national laws and regulations as well as in practice.
- Ensure that the rights of particularly vulnerable groups of rural workers are protected, such as migrant workers and indigenous peoples.

4. Social dialogue: Promote better governance, empowerment and institutions

- Ensure explicit inclusion of rural issues in the key national policy frameworks, including employment policy.
- Promote tripartite social dialogue and consultation at national and local levels.
- Strengthen state institutions and the rule of law in rural areas, particularly in conflict affected regions.
- Promote effective and equitable labour-market governance in rural areas by strengthening the system of labour administration and ensuring that labour inspection provides effective protection in law and practice.
- Improve the quality, effectiveness and efficiency of local administrations and public service delivery.
- Increase the outreach and engagement of social partners in rural areas.
- Strengthen processes of empowerment and organization and the institutions for voice and representation.
- Promote effective policy coordination and coherence at the national, local and international levels.

343. **Decent work** provides an organizing concept or framework for addressing the multiple challenges of pro-poor rural employment. Decent work per se does not bring with it a set of prescriptive mechanisms, policies or targets but it can be seen as a framework against which various policies, reforms, development programmes or regulatory initiatives might be assessed. Thus, using the concept of decent work as part of a policy-formation process raises various basic questions that must be asked of proposed interventions for promoting rural employment and poverty reduction.

344. In this regard, it is important to note the emphasis on decent work as an integrated whole with interdependency between the decent work pillars. While the conceptual position stresses the unitary nature of the concept, in practical terms, as evidenced by the Decent Work Country Programmes, certain goals will achieve prominence over others depending on the local requirements. Such prioritization results from an identification of the relative scale of decent work deficits in rural areas and from identification of what constraints and policy interventions are more effective for achieving certain objectives.

345. Although decent work is a universal concept, this does not imply uniformity but rather that there will be variations in policy approaches adopted to achieve decent work depending on national, local and sectoral circumstances that result in decent work deficits. It is therefore inevitable that different elements of the Decent Work Agenda come to the fore depending on the nature of the issue being addressed. However, emphasis on one part of the Agenda does not imply that other aspects are being ignored. The validity of the overall integrated framework can still be maintained. The Decent Work Agenda, applied to the challenge of the promotion of rural employment for poverty reduction, serves as a unifying theme that combines economic competitiveness and social justice within a development framework.

346. Decent work in rural areas needs to be anchored in a sustainable development paradigm. The promotion of rural employment and reduction of poverty in rural areas are multidimensional challenges which require policies to address the economic, social and environmental pillars of sustainable development. There is a mutual interdependence between the growth and development of rural communities and the sound stewardship of the natural environment on which most rural livelihoods depend. Growth puts pressure on essential natural resources and most fundamentally on land and water resources. Climate change and population pressures exacerbate this trend but, irrespective of this, globally agriculture is the biggest user of water resources and the single largest cause of ecosystem degradation through land use. Thus, sustainable agriculture and rural development is not an option; it is fundamental to the future of the planet.

Towards an integrated plan of action for the ILO to implement the strategy

347. On the basis of the stocktaking contained in this report, and with a particular focus on developing countries, an integrated plan of action for the ILO will involve a number of activities, undertaken in the context of DWCPs and focusing on employment creation for poverty reduction, extending social protection, better implementation of relevant international labour standards and better governance and institutions underpinned by social dialogue. The plan of action should build on the ILO's comparative advantages and existing work, introducing, where possible, a rural component into existing research and knowledge-management networks, building synergies with ongoing or planned technical cooperation and complementing related capacity-building activities.

348. This plan of action could include:

1. Employment: Generate more and better jobs through sustainable growth in rural areas
 - Support to the promotion of a conducive business-enabling environment for sustainable enterprises, including cooperatives in rural areas; the integration of rural concerns into national policies and processes like PRSPs and national employment plans; and strengthening the capacities of constituents to engage in policy-making for rural areas.
 - Promote a LED approach which builds on particular sectors and value chains, both farm and off-farm with strong employment multipliers, such as tourism or agro-processing.
 - Deliver skills development in rural areas through agricultural and rural extension services, technical and vocational training programmes and community-based training methodologies.
 - Promote employment through infrastructure and investment programmes, including labour-based approaches; employment guarantee programmes; and financial services like microcredit and microleasing.
 - Target programmes aimed at employment creation, including entrepreneurship, for youth and women in rural areas.
2. Social protection: Extend the coverage in rural areas
 - Promote the introduction of a basic set of social security benefits for all that could consist of universal child benefits; universal access to essential health services; modest financial relief for the working poor; and basic tax-financed pensions for the old, the disabled and families who have lost their main breadwinner.
 - Promote maternity protection for women in rural areas.
 - Promote simple, low-cost methodologies to address occupational safety and health hazards in rural communities.
 - Develop new approaches to social transfers for the active population that emphasize strong, multiple, positive labour-market linkages, by improving employability, and increasing access to jobs and social services including childcare facilities.
3. International labour standards: Close the gap for rural workers
 - Respect, promote and realize the fundamental principles and rights at work of rural workers.
 - Promote the ratification and effective implementation of the fundamental Conventions as well as Conventions Nos 122, 129, 141 and 184.
 - Promote the extension of national labour laws to rural workers, in particular to agricultural workers, as well as their effective implementation through a programme of advocacy, capacity building and technical assistance.
4. Social dialogue: Promote better governance, empowerment and institutions
 - Support the growth and development of rural employers' and workers' organizations, particularly in the agricultural sector, and encourage linkages with national employers' and workers' organizations.

- Support the participation of the ILO's tripartite constituents, and rural employers' and workers' organizations in particular, in national policy discussions on employment, rural development, agriculture, and PRSPs.
- Encourage tripartite participation in the planning and implementation of LED programmes and encourage the participation of government agencies delivering key services to rural areas.
- Encourage inter-ministerial collaboration and policy coherence with regard to rural development issues.

Suggested points for discussion

This report has adopted an integrated decent work perspective to address the challenges of productive employment and poverty reduction in rural areas. The first five discussion points refer to the different components of the Decent Work Agenda, whilst the latter two refer to the role of the constituents and the Office.

1. What strategies can be used to promote employment and sustainable economic growth (both farm and non-farm), and to reduce poverty in rural areas?
2. What conditions are needed to foster an enabling environment for sustainable rural enterprise development?
3. How can rights at work be extended, implemented and enforced in rural areas?
4. How can social protection and social inclusion be extended and improved in rural areas?
5. How can better governance and social dialogue be promoted in rural areas?
6. How can national and local governments, and employers' and workers' organizations best contribute to decent rural employment and poverty reduction?
7. Building on the ILO's comparative advantage, what should be the key components of a plan of action for the Office, including in terms of promoting policy coordination and coherence?

Appendix I

Sectoral shares in employment and GDP, latest year available, sorted by agricultural share (%)

| Countries, territories and areas | Year | Share in employment (%) | | | | Share in GDP (%) | | |
|----------------------------------|------|-------------------------|----------|----------|-------|------------------|----------|----------|
| | | Agriculture | Industry | Services | Other | Agriculture | Industry | Services |
| Chad | 1993 | 83.0 | 2.1 | 14.5 | 0.4 | 32.5 | 14.1 | 53.5 |
| Lao People's Democratic Republic | 2003 | 82.2 | 9.3 | 8.6 | 0.0 | 48.6 | 25.9 | 25.5 |
| Tanzania, United Republic of | 2001 | 82.1 | 2.6 | 15.3 | 0.0 | 44.7 | 15.9 | 39.4 |
| Madagascar | 2005 | 82.0 | 3.4 | 14.6 | 0.0 | 27.9 | 15.8 | 56.4 |
| Ethiopia | 2005 | 80.2 | 6.6 | 12.9 | 0.2 | 47.7 | 13.3 | 39.0 |
| Nepal | 1999 | 76.1 | 9.8 | 14.0 | 0.1 | 40.1 | 21.2 | 38.7 |
| Guinea | 1994 | 76.0 | 5.9 | 18.1 | 0.0 | 21.7 | 28.8 | 49.5 |
| Papua New Guinea | 2000 | 72.3 | 3.6 | 22.7 | 1.3 | 34.4 | 39.8 | 25.8 |
| Cambodia | 2001 | 70.2 | 10.5 | 19.1 | 0.2 | 36.7 | 23.6 | 39.7 |
| Zambia | 1998 | 70.0 | 7.0 | 23.0 | 0.0 | 21.1 | 29.2 | 49.7 |
| Uganda | 2003 | 69.1 | 7.6 | 22.2 | 0.0 | 23.1 | 24.1 | 52.8 |
| Gambia | 1993 | 64.7 | 6.1 | 27.8 | 1.4 | 25.2 | 14.3 | 60.5 |
| Myanmar | 1998 | 62.7 | 12.2 | 25.1 | 0.0 | 59.0 | 9.9 | 31.0 |
| Cameroon | 2001 | 60.6 | 9.1 | 23.1 | 7.2 | 39.9 | 16.7 | 43.4 |
| Albania | 2005 | 58.4 | 13.5 | 27.8 | 0.3 | 22.8 | 21.5 | 55.7 |
| Viet Nam | 2004 | 57.9 | 17.4 | 24.7 | 0.0 | 6.0 | 48.8 | 45.2 |
| Lesotho | 1997 | 56.5 | 15.2 | 23.2 | 0.0 | 16.3 | 42.4 | 41.2 |
| Ghana | 2000 | 55.0 | 14.0 | 31.1 | 0.0 | 35.3 | 25.4 | 39.3 |
| Georgia | 2005 | 54.3 | 9.3 | 36.2 | 0.2 | 16.7 | 27.4 | 55.9 |
| Yemen | 1999 | 54.1 | 11.1 | 34.7 | 0.0 | 16.7 | 42.0 | 41.4 |
| India | 2004 | 54.0 | 20.0 | 26.0 | 0.0 | 18.8 | 27.5 | 53.7 |
| Bangladesh | 2003 | 51.7 | 13.7 | 34.6 | 0.0 | 21.8 | 26.3 | 52.0 |
| Kyrgyzstan | 2005 | 48.0 | 12.5 | 39.5 | 0.0 | 34.1 | 20.9 | 45.0 |
| Armenia | 2005 | 46.2 | 15.9 | 37.8 | 0.1 | 20.5 | 44.3 | 35.2 |
| Tajikistan | 1997 | 46.2 | 17.4 | 29.1 | 7.3 | 35.4 | 28.7 | 35.9 |
| Morocco | 2005 | 45.4 | 19.5 | 35.0 | 0.1 | 14.1 | 29.9 | 55.9 |
| China | 2005 | 44.8 | 23.8 | 31.4 | 0.0 | 12.6 | 47.5 | 39.9 |

| Countries, territories and areas | Year | Share in employment (%) | | | | Share in GDP (%) | | |
|---|------|-------------------------|----------|----------|-------|------------------|----------|----------|
| | | Agriculture | Industry | Services | Other | Agriculture | Industry | Services |
| Indonesia | 2005 | 44.0 | 18.0 | 38.0 | 0.0 | 13.4 | 45.8 | 40.8 |
| Pakistan | 2005 | 43.0 | 20.3 | 36.6 | 0.0 | 21.6 | 25.1 | 53.3 |
| Thailand | 2005 | 42.6 | 20.2 | 37.1 | 0.1 | 9.9 | 44.1 | 46.0 |
| Gabon | 1993 | 41.9 | 11.6 | 43.1 | 0.7 | 8.5 | 43.0 | 48.5 |
| Mali | 2004 | 41.5 | 16.5 | 41.9 | 0.0 | 36.4 | 23.9 | 39.8 |
| Republic of Moldova | 2005 | 40.6 | 16.0 | 43.3 | 0.0 | 17.0 | 24.5 | 58.5 |
| Mongolia | 2005 | 39.9 | 16.8 | 43.3 | 0.0 | 21.7 | 29.1 | 49.2 |
| Bolivia | 2002 | 39.6 | 18.8 | 41.5 | 0.1 | 14.9 | 29.3 | 55.8 |
| Azerbaijan | 2005 | 39.3 | 12.1 | 48.6 | 0.0 | 10.0 | 62.3 | 27.7 |
| Honduras | 2005 | 39.2 | 20.9 | 39.7 | 0.2 | 13.9 | 31.4 | 54.6 |
| Guatemala | 2002 | 38.7 | 20.0 | 37.5 | 3.9 | 22.5 | 19.4 | 58.2 |
| Uzbekistan | 1999 | 38.5 | 19.4 | 35.2 | 6.9 | 7.5 | 33.8 | 58.7 |
| Philippines | 2005 | 37.0 | 14.9 | 48.1 | 0.0 | 14.3 | 32.3 | 53.4 |
| Kazakhstan | 2004 | 33.5 | 17.4 | 49.1 | 0.0 | 7.6 | 37.6 | 54.8 |
| Romania | 2005 | 32.1 | 30.3 | 37.5 | 0.1 | 10.1 | 35.0 | 54.9 |
| Egypt | 2004 | 31.8 | 20.0 | 48.0 | 0.0 | 15.2 | 36.9 | 48.0 |
| Paraguay | 2003 | 31.5 | 15.8 | 52.7 | 0.0 | 20.2 | 22.5 | 57.3 |
| Nicaragua | 2003 | 30.5 | 18.0 | 40.0 | 11.6 | 17.5 | 27.5 | 55.0 |
| Sri Lanka | 2005 | 30.3 | 25.2 | 38.4 | 6.0 | 16.8 | 26.1 | 57.2 |
| Namibia | 2004 | 29.9 | 14.8 | 55.9 | 0.1 | 9.9 | 31.7 | 58.4 |
| Turkey | 2005 | 29.5 | 24.7 | 45.8 | 0.0 | 11.7 | 23.7 | 64.6 |
| Guyana | 1997 | 27.9 | 22.6 | 47.9 | 1.7 | 35.4 | 33.7 | 30.8 |
| Syrian Arab Republic | 2003 | 27.0 | 25.6 | 47.3 | 0.1 | 26.7 | 32.6 | 40.8 |
| Iran, Islamic Republic of | 2005 | 24.9 | 30.4 | 44.6 | 0.1 | 10.4 | 44.6 | 45.0 |
| Botswana | 2004 | 22.6 | 22.0 | 49.7 | 5.7 | 2.4 | 52.3 | 45.3 |
| Colombia | 2005 | 22.4 | 18.8 | 58.8 | 0.0 | 12.5 | 34.2 | 53.3 |
| Algeria | 2003 | 21.1 | 24.0 | 54.8 | 0.1 | 10.5 | 54.8 | 34.7 |
| Brazil | 2004 | 21.0 | 21.0 | 57.9 | 0.3 | 9.8 | 38.0 | 52.2 |
| Cuba | 2005 | 20.2 | 19.1 | 60.6 | 0.1 | 7.8 | 55.1 | 37.0 |
| El Salvador | 2005 | 20.0 | 22.2 | 57.8 | 0.0 | 10.3 | 30.0 | 59.8 |
| Belize | 2005 | 19.5 | 17.9 | 61.9 | 0.7 | 14.1 | 17.7 | 68.2 |
| The former Yugoslav Republic of Macedonia | 2005 | 19.5 | 32.3 | 48.0 | 0.2 | 12.9 | 29.3 | 57.7 |
| Ukraine | 2005 | 19.4 | 24.2 | 56.4 | 0.0 | 26.8 | 27.7 | 45.4 |
| Kenya | 1999 | 18.6 | 19.5 | 61.9 | 0.0 | 32.4 | 16.8 | 50.8 |
| Jamaica | 2005 | 18.0 | 17.7 | 64.1 | 0.3 | 5.7 | 33.1 | 61.2 |
| Poland | 2005 | 17.4 | 29.2 | 53.4 | 0.0 | 4.8 | 30.7 | 64.5 |
| Croatia | 2005 | 17.3 | 28.6 | 54.0 | 0.0 | 7.0 | 30.8 | 62.2 |
| Iraq | 2004 | 17.0 | 17.8 | 64.7 | 0.1 | 8.1 | 66.9 | 24.9 |

| Countries, territories and areas | Year | Share in employment (%) | | | | Share in GDP (%) | | |
|-----------------------------------|------|-------------------------|----------|----------|-------|------------------|----------|----------|
| | | Agriculture | Industry | Services | Other | Agriculture | Industry | Services |
| Panama | 2005 | 15.7 | 17.2 | 67.1 | 0.0 | 7.7 | 16.4 | 75.9 |
| Costa Rica | 2005 | 15.2 | 21.5 | 62.8 | 0.5 | 8.7 | 29.8 | 61.5 |
| Mexico | 2005 | 15.1 | 25.7 | 58.6 | 0.5 | 3.8 | 25.9 | 70.2 |
| Dominican Republic | 2005 | 14.6 | 22.3 | 63.1 | 0.0 | 12.4 | 25.5 | 62.1 |
| Malaysia | 2005 | 14.6 | 29.7 | 53.6 | 0.0 | 8.7 | 51.8 | 39.6 |
| West Bank and Gaza Strip | 2005 | 14.6 | 26.3 | 58.0 | 1.1 | 5.9 | 9.5 | 84.6 |
| Lithuania | 2005 | 14.0 | 29.1 | 56.9 | 0.0 | 5.7 | 33.5 | 60.8 |
| Maldives | 2000 | 13.7 | 19.0 | 50.2 | 17.2 | 33.0 | 26.1 | 40.9 |
| Chile | 2005 | 13.2 | 23.0 | 63.9 | 0.0 | 5.5 | 46.8 | 47.7 |
| Greece | 2005 | 12.4 | 22.4 | 65.1 | 0.0 | 5.2 | 20.8 | 74.0 |
| Latvia | 2005 | 12.1 | 25.8 | 61.8 | 0.3 | 4.1 | 22.0 | 73.8 |
| Portugal | 2005 | 11.8 | 30.6 | 57.5 | 0.1 | 2.9 | 24.6 | 72.5 |
| Saint Lucia | 2003 | 11.4 | 17.7 | 52.7 | 18.2 | 5.3 | 18.1 | 76.6 |
| Russian Federation | 2005 | 10.2 | 29.8 | 60.0 | 0.0 | 5.6 | 38.0 | 56.4 |
| Mauritius | 2005 | 10.0 | 32.4 | 57.4 | 0.2 | 6.1 | 28.2 | 65.7 |
| Venezuela, Bolivarian Republic of | 2002 | 9.8 | 20.9 | 69.1 | 0.2 | 13.8 | 44.7 | 41.5 |
| Bulgaria | 2005 | 8.9 | 34.2 | 56.8 | 0.1 | 9.6 | 31.6 | 58.7 |
| Slovenia | 2005 | 8.8 | 37.2 | 53.3 | 0.5 | 2.5 | 34.1 | 63.4 |
| Suriname | 2004 | 8.0 | 23.0 | 64.3 | 4.8 | 11.2 | 23.5 | 65.3 |
| Korea, Republic of | 2005 | 7.9 | 26.8 | 65.1 | 0.1 | 3.3 | 40.3 | 56.3 |
| United Arab Emirates | 2000 | 7.9 | 33.4 | 58.6 | 0.2 | 15.0 | 49.0 | 35.9 |
| South Africa | 2005 | 7.5 | 25.6 | 66.6 | 0.2 | 2.5 | 30.3 | 67.1 |
| Taiwan, China | 2002 | 7.5 | 35.2 | 47.2 | 10.1 | 12.2 | 28.3 | 59.5 |
| New Zealand | 2005 | 7.1 | 22.0 | 70.6 | 0.3 | 11.5 | 23.5 | 65.0 |
| Iceland | 2005 | 6.6 | 21.6 | 71.6 | 0.0 | 6.1 | 25.6 | 68.3 |
| Oman | 2000 | 6.4 | 11.2 | 82.1 | 0.4 | 2.0 | 57.2 | 40.8 |
| Ireland | 2005 | 5.9 | 27.8 | 65.6 | 0.7 | 2.5 | 36.7 | 60.9 |
| Austria | 2005 | 5.5 | 27.5 | 66.7 | 0.2 | 1.5 | 30.7 | 67.8 |
| Estonia | 2005 | 5.3 | 34.0 | 60.7 | 0.0 | 4.0 | 29.4 | 66.6 |
| Spain | 2005 | 5.3 | 29.7 | 65.0 | 0.0 | 3.3 | 29.5 | 67.2 |
| Hungary | 2005 | 5.0 | 32.4 | 62.6 | 0.0 | 4.4 | 31.7 | 63.9 |
| Finland | 2005 | 4.8 | 25.6 | 69.4 | 0.2 | 2.9 | 29.6 | 67.5 |
| Cyprus | 2005 | 4.7 | 24.1 | 70.3 | 0.9 | 2.9 | 39.0 | 58.1 |
| Saudi Arabia | 2002 | 4.7 | 21.0 | 74.2 | 0.1 | 5.1 | 51.5 | 43.4 |
| Slovakia | 2005 | 4.7 | 38.8 | 56.3 | 0.2 | 3.5 | 29.4 | 67.2 |
| Japan | 2005 | 4.4 | 27.9 | 66.4 | 1.2 | 1.7 | 29.8 | 68.4 |
| Trinidad and Tobago | 2005 | 4.3 | 31.0 | 64.3 | 0.4 | 21.5 | 46.4 | 32.1 |
| Italy | 2005 | 4.2 | 30.7 | 65.1 | 0.1 | 2.3 | 26.9 | 70.9 |
| Czech Republic | 2005 | 4.0 | 39.5 | 56.5 | 0.1 | 2.9 | 37.2 | 59.8 |

| Countries, territories and areas | Year | Share in employment (%) | | | | Share in GDP (%) | | |
|----------------------------------|------|-------------------------|----------|----------|-------|------------------|----------|----------|
| | | Agriculture | Industry | Services | Other | Agriculture | Industry | Services |
| Switzerland | 2005 | 3.9 | 22.8 | 73.2 | 0.1 | 1.2 | 27.5 | 71.3 |
| France | 2005 | 3.8 | 24.3 | 71.5 | 0.4 | 2.2 | 20.9 | 76.9 |
| Australia | 2005 | 3.6 | 21.1 | 75.0 | 0.2 | 3.1 | 27.7 | 69.2 |
| Jordan | 2003 | 3.6 | 21.8 | 74.2 | 0.4 | 2.8 | 27.0 | 70.1 |
| Bahamas | 2005 | 3.5 | 17.8 | 78.4 | 0.3 | 11.7 | 29.8 | 58.5 |
| Barbados | 2004 | 3.3 | 17.3 | 69.7 | 9.2 | 3.6 | 16.5 | 80.0 |
| Norway | 2005 | 3.3 | 20.8 | 75.9 | 0.0 | 1.6 | 43.3 | 55.1 |
| Netherlands | 2005 | 3.0 | 20.0 | 72.9 | 4.1 | 2.1 | 24.4 | 73.6 |
| Denmark | 2005 | 2.9 | 23.8 | 72.7 | 0.1 | 1.8 | 24.6 | 73.5 |
| Canada | 2005 | 2.7 | 22.0 | 75.3 | 0.0 | 1.9 | 28.4 | 69.6 |
| Qatar | 2004 | 2.7 | 41.0 | 56.0 | 0.3 | 11.1 | 33.7 | 55.2 |
| Germany | 2005 | 2.4 | 29.7 | 67.8 | 0.1 | 0.9 | 29.7 | 69.4 |
| Djibouti | 1991 | 2.3 | 7.9 | 80.2 | 9.6 | 3.2 | 21.7 | 75.2 |
| Puerto Rico | 2005 | 2.1 | 19.0 | 79.0 | -0.1 | 0.2 | 48.9 | 50.9 |
| Belgium | 2005 | 2.0 | 24.7 | 72.6 | 0.7 | 1.0 | 24.0 | 74.9 |
| Israel | 2005 | 2.0 | 21.7 | 75.6 | 0.7 | 4.3 | 28.2 | 67.5 |
| Malta | 2005 | 2.0 | 29.6 | 68.0 | 0.0 | 1.9 | 19.2 | 78.9 |
| Sweden | 2005 | 2.0 | 22.0 | 75.7 | 0.2 | 1.1 | 28.2 | 70.7 |
| United States | 2005 | 1.6 | 20.6 | 77.8 | 0.0 | 1.0 | 22.0 | 77.0 |
| Bahrain | 2001 | 1.5 | 28.1 | 67.9 | 0.7 | 0.8 | 33.0 | 66.2 |
| Brunei Darussalam | 2001 | 1.4 | 21.4 | 77.2 | 0.0 | 23.8 | 32.3 | 43.8 |
| United Kingdom | 2005 | 1.4 | 22.0 | 76.3 | 0.3 | 2.2 | 25.9 | 71.9 |
| Luxembourg | 2005 | 1.2 | 20.9 | 77.9 | 0.0 | 0.4 | 16.3 | 83.3 |
| Netherlands Antilles | 2005 | 0.7 | 15.0 | 84.1 | 0.2 | 11.7 | 29.8 | 58.5 |
| Hong Kong, China | 2005 | 0.3 | 15.2 | 84.6 | -0.1 | 0.1 | 9.0 | 91.0 |
| Macau, China | 2005 | 0.1 | 25.2 | 74.6 | 0.1 | 0.0 | 14.2 | 85.8 |
| Singapore | 2005 | — | 29.5 | 69.6 | 0.9 | 0.1 | 33.8 | 66.1 |

ILO: *Key Indicators of the Labour Market*, fifth edition, Geneva (2007), and World Bank, *World Development Indicators 2006*.

Appendix II

Labour productivity measured as value added per person employed in agriculture, forestry and fisheries, 2005, total values and index values (1980 = 100), sorted by total value

| Country | Value added per person employed – agriculture, forestry and fisheries (constant 1997 US\$) | Index (1980 = 100) Change of value added per person employed – agriculture, forestry and fisheries |
|-----------------------------------|---|--|
| Congo, Democratic Republic of the | 69 | 72.7 |
| Viet Nam | 98 | 205.1 |
| Cameroon | 129 | 175.0 |
| Niger | 129 | 101.2 |
| Uganda | 194 | 129.9 |
| Tanzania, United Republic of | 239 | 153.8 |
| Rwanda | 253 | 91.9 |
| Malawi | 264 | 124.3 |
| Haiti | 270 | 61.4 |
| Georgia | 287 | – |
| Cuba | 294 | 97.7 |
| Guinea | 298 | 148.3 |
| Kenya | 317 | 93.4 |
| Burundi | 333 | 86.4 |
| Cambodia | 336 | 146.4 |
| Tajikistan | 371 | – |
| Sudan | 379 | 277.8 |
| Senegal | 393 | 90.6 |
| Papua New Guinea | 470 | 130.0 |
| Bangladesh | 486 | 96.6 |
| Yemen | 487 | – |
| Zimbabwe | 536 | 80.7 |
| Chad | 551 | 141.8 |
| Nepal | 562 | 144.1 |
| Mali | 669 | 156.1 |
| India | 718 | 144.0 |
| Madagascar | 755 | 68.7 |
| Nicaragua | 806 | 75.1 |
| China | 910 | 269.3 |
| Myanmar | 972 | 211.3 |
| Albania | 1 044 | 206.4 |

| Country | Value added per person employed – agriculture, forestry and fisheries (constant 1997 US\$) | Index (1980 = 100) Change of value added per person employed – agriculture, forestry and fisheries |
|-----------------------------------|---|--|
| Côte d'Ivoire | 1 058 | 67.9 |
| Indonesia | 1 113 | 175.2 |
| Jordan | 1 189 | 80.0 |
| Morocco | 1 204 | 157.2 |
| Sri Lanka | 1 307 | 130.7 |
| Philippines | 1 313 | 109.0 |
| Honduras | 1 469 | 119.3 |
| Pakistan | 1 598 | 163.0 |
| Thailand | 1 654 | 196.1 |
| Nigeria | 1 754 | 465.4 |
| Algeria | 1 786 | 148.8 |
| Kyrgyzstan | 1 829 | – |
| El Salvador | 1 837 | 95.9 |
| Mozambique | 1 875 | 139 |
| Zambia | 1 943 | 109.3 |
| Benin | 1 961 | 227.7 |
| Bolivia | 1 964 | 160.3 |
| Peru | 2 076 | 164.8 |
| Russian Federation | 2 202 | – |
| Guatemala | 2 363 | 102.7 |
| Ghana | 2 403 | 121.9 |
| Finland | 2 580 | 36.4 |
| Dominican Republic | 2 581 | 180.9 |
| Turkey | 2 703 | 142.2 |
| Paraguay | 2 807 | 142.9 |
| Turkmenistan | 2 866 | – |
| Romania | 2 911 | 66.4 |
| Tunisia | 2 960 | 172.6 |
| Poland | 3 087 | 185.3 |
| Ukraine | 3 089 | – |
| Ecuador | 3 109 | 218.5 |
| Belgium | 3 237 | 29.2 |
| Egypt | 3 296 | 190.8 |
| Uzbekistan | 3 313 | – |
| Japan | 3 422 | 172.9 |
| Panama | 3 577 | 179.7 |
| South Africa | 3 594 | 165.8 |
| Singapore | 3 830 | 144.6 |
| Mexico | 3 899 | 143.9 |
| Syrian Arab Republic | 3 948 | 123.1 |
| Costa Rica | 3 974 | 173.4 |
| Kazakhstan | 4 082 | – |
| Venezuela, Bolivarian Republic of | 4 164 | 102.2 |
| Iraq | 4 231 | 285.3 |
| Saudi Arabia | 4 336 | 781.9 |
| Portugal | 4 428 | 203.3 |

| Country | Value added per person employed – agriculture, forestry and fisheries (constant 1997 US\$) | Index (1980 = 100) Change of value added per person employed – agriculture, forestry and fisheries |
|---------------------------|---|--|
| Colombia | 4 719 | 134.3 |
| Korea, Republic of | 4 859 | 456.9 |
| Latvia | 5 140 | – |
| Brazil | 5 702 | 242.0 |
| Austria | 5 762 | 176.6 |
| Denmark | 5 766 | 100.9 |
| Slovenia | 6 594 | – |
| Lithuania | 6 900 | – |
| Iran, Islamic Republic of | 7 170 | 210.3 |
| Malaysia | 7 864 | 229.7 |
| Switzerland | 7 998 | 123.9 |
| Chile | 8 688 | 364.8 |
| Greece | 8 844 | 183.6 |
| Belarus | 9 001 | – |
| Czech Republic | 16 953 | 188.1 |
| Argentina | 17 144 | 206.7 |
| Norway | 17 840 | 297.4 |
| Uruguay | 17 987 | 216.2 |
| Cyprus | 19 288 | 195.0 |
| Slovakia | 19 443 | – |
| Luxembourg | 19 712 | 164.8 |
| Netherlands | 20 675 | 210.5 |
| Spain | 20 788 | 340.0 |
| Bulgaria | 21 545 | 173.1 |
| Italy | 24 699 | 433.5 |
| Ireland | 25 586 | 187.7 |
| Germany | 26 248 | 290.5 |
| Hungary | 27 514 | 387.7 |
| France | 29 507 | 282.8 |
| United Kingdom | 33 636 | 198.8 |
| Israel | 36 045 | 135.9 |
| Canada | 37 357 | 189.0 |
| Sweden | 39 166 | 223.9 |
| New Zealand | 45 304 | 218.8 |
| Australia | 46 686 | 233.0 |
| United States | 52 585 | 274.5 |

ILO: *Key Indicators of the Labour Market*, fifth edition, Geneva (2007).