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Literature Review: Social Protection of the Rural Population

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List of Abbreviations

CDO	Chief District Officer
CPP	Comprehensive Package Programme
FHPL	Family Health Plan Lieutenant
GDP	Gross Domestic Product
HYV	High Yield Varieties
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
IMF	International Monetary Fund
IRD	Integrated Rural Development
MHSS	Ministry of Health and Social Services
NGO	Non-Governmental Organisation
NPS	National Pension Scheme
NRCMI	New Rural Cooperative Medical Insurance
OPM	Office of the Prime Minister
PRSPs	Poverty Reduction Strategy Papers
RMCI	Rural Cooperative Medical Insurance
SAP	Structural Adjustment Programmes
SIDA	Swedish International Development Authority
SL	Sustainable Livelihood
TDA	Third Party Administrator
UN	United Nations
UNC	Universal Non-Contributory
UNCED	United Nations Conference on Environment and Development
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UPM	United Cash Pay Masters
USAID	United States Agency for International Development
VDC	Village Development Committees
WCED	World Commission on Environment and Development

Introduction

Poverty reduction is now at the core of development policy-making and a key commitment of the international community. Poverty in developing countries is predominantly a rural phenomenon. The 2001 IFAD Rural Poverty Report states that of the 1.2 billion human beings who live in extreme poverty about three quarters live in rural areas. It is also estimated that for the next two decades, the majority of the population living in developing countries will continue to be rural. Consequently, achieving the targets of poverty reduction set by the international community for the year 2015 will require particular emphasis on rural areas. Despite their importance, rural people in developing countries still tend to be neglected in the fight against poverty.

One important emerging component of development policy to address poverty in developing countries is social protection. Social protection of the rural population in developing countries as a tool for poverty reduction is still scarce. There is only a small amount of literature that deals with this specific and crucial subject.

This paper aims to overview some of the existing literature on social protection mechanisms for the rural poor in the field of old-age protection and health protection as well as their possible effects on poverty reduction. It examines shortcomings and difficulties in the provision of social protection mechanisms for the rural poor as well as possible ways of how to overcome some of these obstacles.

In order to examine rural social protection mechanisms, it is indispensable to understand what “rural” is, who the “rural poor” are and consequently which difficulties arise in rural social protection. Therefore, the first section of this paper elaborates on these issues. The second chapter aims to examine dominant rural development schemes in development history. Old-age protection and health protection schemes benefiting the rural poor are presented in the third section. The paper closes with some concluding remarks on social protection of the rural poor.

1. Social Protection and the Rural Poor

1.1. What is “Rural”?

The definition of rural as opposed to urban is important in the measurement and fight against rural poverty. Even though it seems easy to think of what rural is, a universal definition does not exist, since different countries have different perceptions and definitions of rurality. Hence, what “rural” is may already be politically or administratively defined making meaningful international comparison difficult.

According to Anríquez and Stamoulis there are two main methods to define rural in practice. One methodology is to use a geopolitical definition that defines all of the state, region, and district capitals as urban and by exclusion defines all of the rest as rural. Countries like Colombia, El Salvador, Dominican Republic and Paraguay are using this methodology. However with this definition populations that live outside the geopolitical limit of a city (especially in a growing city) are miscounted as rural, while populations living in small municipalities in sparsely populated regions are miscounted as urban (Anríquez/ Stamoulis 2007: 4).

The second methodology uses population agglomerations to define rural. Populations that live within an area where populations are larger than for example 2500 inhabitants are considered urban, while by exclusion the rest is defined as rural. Since it establishes a clear threshold, this method seems more feasible. Although, this threshold varies around the world, which makes international comparison difficult (Anríquez/ Stamoulis 2007: 4). In Mexico for example the borderline is 2500 persons or fewer, in Nigeria 10 000 or more (IFAD 2001: 17). Borderline problems lead to overestimates of the urban population. Since annual population growth in most developing countries has been around 2-3%, many places may exceed the rural-urban borderline, even though they hardly change their lifestyle (IFAD 2001: 18). This indicates that rural populations could be larger than what official figures indicate. The lower the rural-urban threshold is set, the fewer people are classified as rural and consequently the lower is the share of public expenditure allocated to rural areas.

There is another less often used methodology which is nonetheless worth mentioning in view of its relevance for social protection and rural poverty analysis. This method considers the availability of services to define rural/urban. For example in Honduras, an area is considered

to be urban if, (in addition to having a population of 2000 inhabitants), it possesses services of education and health infrastructure (Anríquez/ Stamoulis 2007: 4). This definition is especially useful for a comparative perspective on rural poverty and social protection.

Atchoarena and Gasperini suggest the following multi-criteria approach for defining rural areas:

1. settlements of low density;
2. a place where activities are affected by a high transaction cost, associated with long distance from cities and poor infrastructures;
3. a space where human settlement and infrastructure occupy only a small share of the landscape;
4. places where most people work on farms;
5. natural environment dominated by pastures, forests, mountains and deserts;
6. the availability of land at a relatively low cost (Atchoarena/Gasperini 2003: 21).

1.2 Who are the “Rural Poor”?

After having clarified the term “rural”, it is indispensable to also understand who the people living in rural areas, often called the “rural poor”, are. Frequently, rural dwellers in developing countries are treated as a homogeneous group despite their diverse entities and different determinants of their poverty status. According to Okidegbe, the “rural poor” can be broadly divided into five categories (Okidegbe 2001):

1. the landless (those without any crop land);
2. those with a low asset base, or smallholders (farmers with up to two hectares of crop land);
3. pastoralists (those who are not settled in any specific area and who derive most of their income from pastoral livestock);
4. rural women (especially women-headed households) and
5. ethnic minorities and indigenous populations.

Generally, the rural poor are characterized by their weak access to social, economic, financial and political assets. Furthermore, their high levels of vulnerability to risk and uncertainty, and exclusion by social, administrative and political processes are typical characteristics (Farrington/Gill 2002: 2). The majority of rural poor are located in “difficult areas”, which can be de-

fined by having 1) a low agricultural potential (owing to combinations of climatic, soils and disease problems), 2) a fragile ecology, 3) a weak infrastructure, 4) a highly fragmented and weakly functioning markets as well as 5) a poor connectivity to national, regional and global markets (ebd.).

1.3. Social Protection and Rural Poverty

The Universal Declaration of Human Rights, 1948, claims that “everyone, as a member of society, has the right to social security [...]” (article 22), and further refers to the right to necessary social services, to security in the case of sickness, disability, old age and unemployment (article 25). The International Covenant on Economic, Social and Cultural Rights, 1966, recognizes “the right of everyone to social security, including social insurance” (article 9).

The rural population in developing countries are usually exposed to a variety of risks.¹ Rural dwellers have little or no security of employment or income. Their earnings fluctuate and tend to be very low. A brief period of incapacity can leave the worker and her or his family without enough income to live on. The sickness of a family member can result in costs which destroy the delicate balance of the household budget. Work in the informal economy is often intrinsically hazardous. Women face additional disadvantages such as dismissal when pregnant. The following table shows the specific vulnerability of rural populations in developing countries.

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