



International
Labour
Organization

3

THEMATIC Labour Overview

Working in Rural Areas in the 21st Century

Reality and Prospects of Rural
Employment in Latin America
and the Caribbean

Regional Office for Latin America and the Caribbean

Contents of the Report

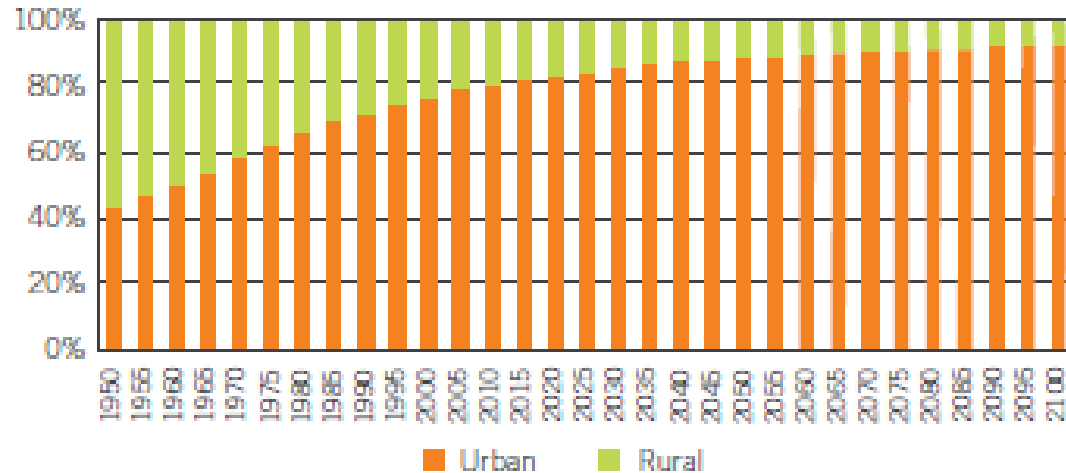
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I. Introduction: two major transformations

I. Introduction

1st Major transformation: rapid urbanization 1950-2100

Figure 1. Latin America: Estimated urban and rural population, 1950-2100 (Percentages)



Source: ILO, based on the CELADE Database (2015).

The region experienced a rapid urbanization process, which is still continuing.

Rural population in LAC:

- 1950 - 94 million (58%)
- 2015 - 123 million (20%)
- 2050 - 90 million (13%)
- 2100 - 65 million (9%)

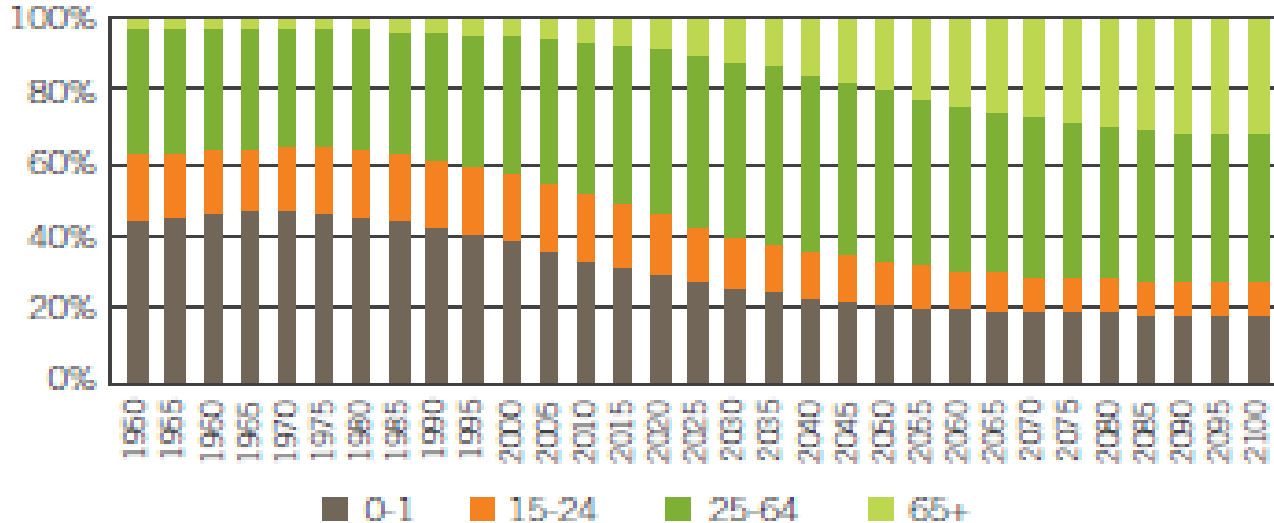


In 2015, 123 million people lived in rural areas
Of which 52 millions were in the labour force

I. Introduction

2nd Major transformation: less youth, more older people

Figure 2. Latin America: Estimated rural population, by age groups, 1950-2100 (Percentages)



Source: ILO, based on the CELADE Database (2015).

The share of rural youth as percentage of the total rural population is declining :

- 1950 - 18 millions (19%)
- 2015 - 22 millions (18%)
- 2050 - 12 millions (13%)
- 2100 - 7 millions (10%)

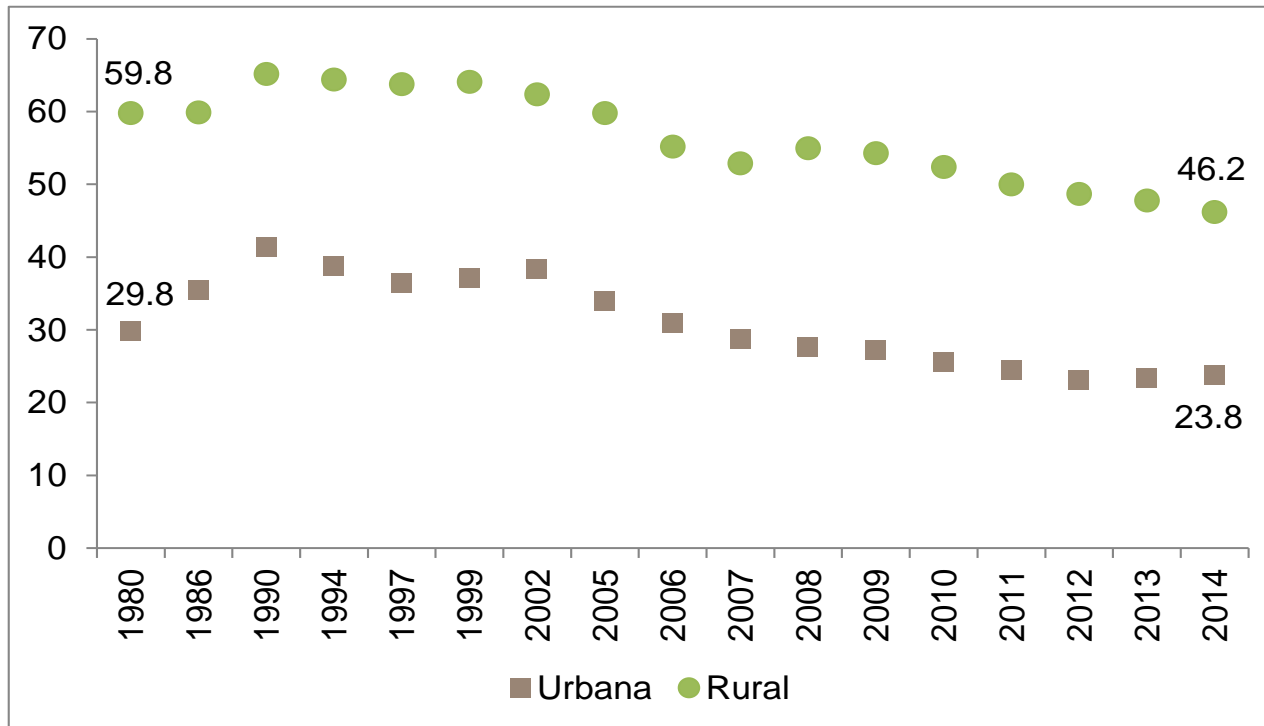


At the end of the century, 1 of every 3 rural residents will be 65 years of age or over.

II. Nature of work in rural areas

In Latin America and the Caribbean, decline in rural poverty has outpaced that of urban areas, but rural poverty is twice as high as urban poverty

Latin America (19 countries): Trends of poverty rates in rural and urban areas, 1980-2014 (percentages)



Source: CEPAL.

- Rural poverty is higher than urban poverty

- Trend 1980 - 2014:

- Rural: from 59,8% to 46,2%
- Urban: from 29,8% to 23,8%.

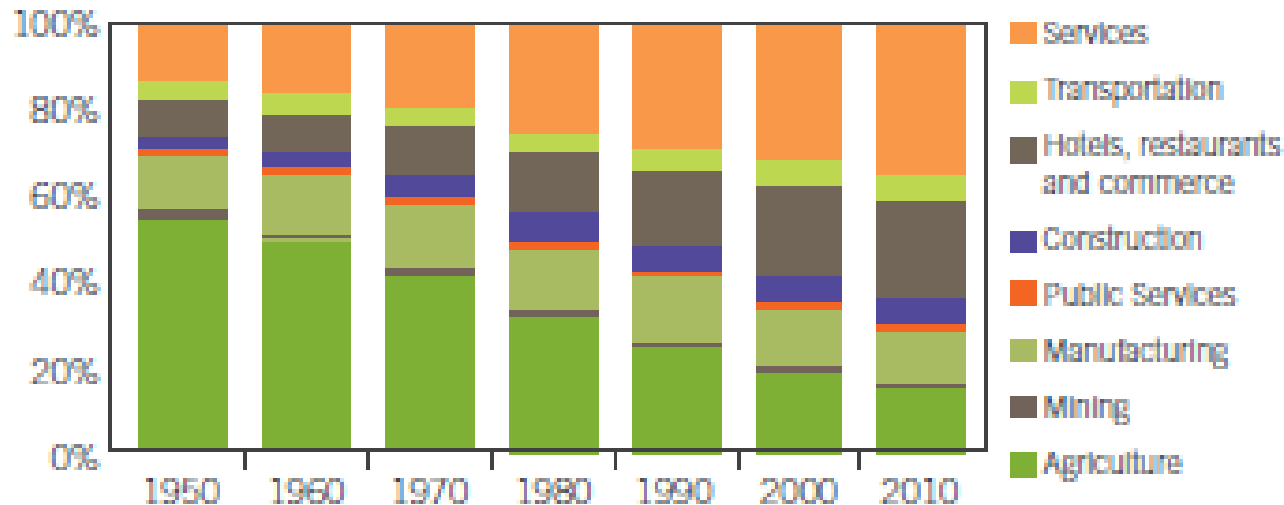


Poverty reduction in rural areas is associated with improvements in rural labour markets.

II. Nature work in rural areas

Major transformation 3: decline of agricultural employment in total employment

Figure 3. Latin America (8 countries): Structure of employment by economic activity, 1950-2010 (Percentages)



Source: ILO, based on information from Timmer et al. (2014).

Note: The countries are Argentina, Bolivia, Chile, Colombia, Costa Rica, Mexico, Peru and Venezuela.

Structural change of regional employment:

- The share of agricultural employment in total employment declined from 55% to 15% between 1950 y 2010

II. Nature of work in rural areas

Major transformation 4: increase of non-agricultural employment

Table 1. Latin America (14 countries): Employed population by geographic area and economic sector, 2005 and 2014 (Percentages)

	2005			2014		
	National	Urban	Rural	National	Urban	Rural
Primary Sector	21.4	7.4	67.1	16.8	5.8	59.1
Agriculture	20.8	6.9	66.3	16.1	5.2	58.3
Mining	0.6	0.5	0.8	0.7	0.6	0.9
Secondary Sector	21.1	24.0	11.6	21.2	23.2	13.4
Tertiary Sector	57.6	68.6	21.3	62.0	70.9	27.4

Source: ILO estimates, based on information from household surveys of 14 countries.

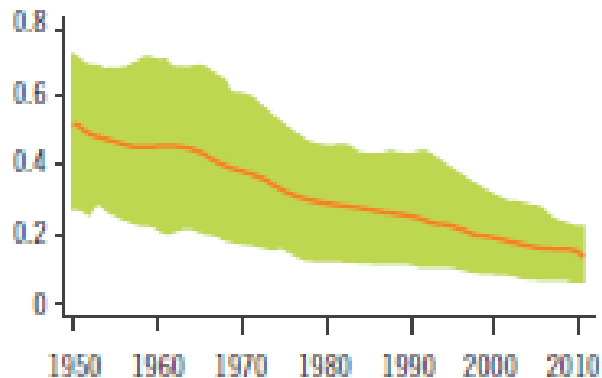
- In rural employment, the share of agricultural employment has declined from 66% to 58% (period 2005- 2014).
 - in 7 of the 14 countries, less than 50% of rural workers is employed in agricultural activities.
- Non-agricultural employment increased from 34% to 42%
- The increase in non-agricultural rural employment is one of the reasons of the decline of rural poverty.

II. Nature of work in rural areas

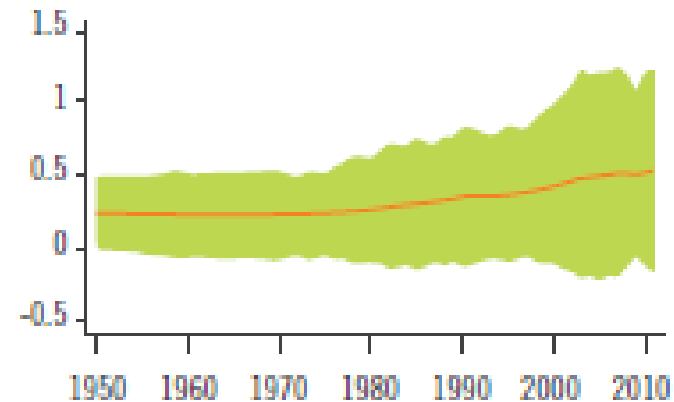
Major change 5: agricultural productivity has increased, but is still lower than in other sectors

Figure 5. Latin America (8 countries): participation of agricultural employment in total employment and output per agricultural worker, 1950-2010

Participation of agricultural employment in total employment



Output per agricultural worker



Note: Each point in the figures corresponds to the average of the corresponding variables for the countries with available information. The green area corresponds to confidence intervals of 95%. Changes correspond to the annual average change during the decade.

Source: ILO, based on information from Timmer *et al.* (2014).

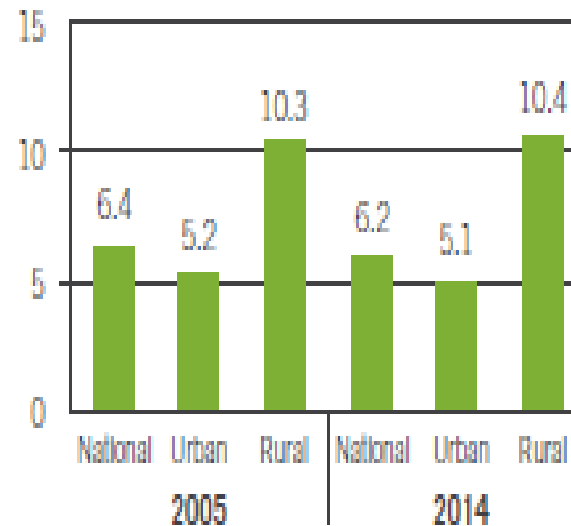
- Agricultural productivity grew rapidly since 1990, more than in other sectors. This is related partly to a steep and gradual decrease in agricultural employment, and to the increase in prices of agricultural products as well as to improvements in the terms of trade.
- However, agricultural productivity is still lower than in other sectors.
- This is partly due to the lower levels of investment in social and productive infrastructure in rural areas (water, sanitation, health, education, electricity, transportation)

II. Nature and characteristics of work in rural areas

Feature 1: the seasonal demand for labour

- This feature is typical for many crops, and has consequences for participation rates, forms of employment and incomes.
- Implications
 - A significant share of the employed rural population has multiple jobs (the share of population having two or more jobs is twice as high as in urban areas).
 - It encourages temporary migration, both within countries and to neighbouring countries.
 - It generates barriers for extending social security coverage. This situation calls for innovation in the design, funding and administration of social security.
 - Rural workers diversify their activities throughout the year (while urban workers are more inclined to specialize)

Figure 6. Latin America (14 countries): Workers with two or more jobs, by geographic area, 2005 and 2014 (Percentages)



Source: ILO estimates, based on information from household surveys of 14 countries.

II. Nature and characteristics of work in the rural areas

Feature 2. The effects of distance and on labour markets

Table 3. Latin America (14 countries): People who report having a business, by geographic area, status in employment and enterprise size, 2005 and 2014 (Percentages)

	2005			2014		
	National	Urban	Rural	National	Urban	Rural
Percentage of people who report having a business	33.2	29.8	44.5	32.3	28.9	45.7
Own-account workers	28.6	24.8	41.6	28.3	24.5	42.7
Employers	4.5	5.0	3.0	4.1	4.4	3.0
Total employers	100.0	100.0	100.0	100.0	100.0	100.0
Microenterprise	90.2	89.2	95.6	89.7	88.5	96.1
Small enterprise	9.5	10.4	4.3	9.9	11.0	3.6
Medium and large enterprises	0.4	0.4	0.1	0.4	0.5	0.3

Note: Microenterprise, 2-10 workers; small enterprise, 11-50 workers; medium and large enterprise, 51 or more workers.

Source: ILO estimates, based on information from household surveys of 14 countries.

Longer distances in rural areas generate:

- Lower business density, smaller businesses, predominance of self-employment and microenterprises
- Limited access to non-agricultural employment
- Obstacles to improve education and skills of agricultural workers
- Limited access to public services and social protection coverage

III. Employment, working conditions and labour income in rural areas

III. Employment, working conditions and labour income in rural areas

More vulnerable employment and less wage employment

Labour force LAC 2014:

- Employed : 261 millions
 - Rural: 50 millions (20%)
 - Urban: 211 millions (80%)
- Unemployed : 17,2 millions
 - Rural: 1,6
 - Urban: 15,6
- Unemployment rate: Total 6,2%
 - Rural: 3,1%
 - Urban: 6,9%

Main rural-urban gap

- More vulnerable employment (self-employed and contributing family workers): 56,3% vs 27,3%
- Less private waged employment (31,8% vs 50,8%)

Changes in rural areas 2005-2014:

- Increase of non-agri emp 33% to 42%
- Increase of private wage emp 26% to 32%
- Reduction of contributing family work 21% to 13%

	National	Urban	Rural
By sector			
Agricultural	16,1	5,2	58,3
Non-agricultural	83,9	94,8	41,7
By status in employment			
<i>Wage workers</i>			
Public	10,5	11,9	5,2
Private	46,9	50,8	31,8
Microenterprise	19,2	18,8	20,9
Small enterprise	18,9	22,1	6,5
Medium and large enterprise	8,8	10,0	4,5
Domestic workers	5,1	5,5	3,6
<i>Non-wage workers</i>			
Employers	4,1	4,4	3,0
Own-account	28,3	24,5	42,7
Contributing family workers	5,0	2,8	13,6

Source: ILO estimates based on information from household surveys in 14 countries.

III. Employment, working conditions and labour income in rural areas: Women and Youth

Gaps between rural and urban women

- Participation and unemployment 2014
 - Women's participation in the labour market is lower in rural areas (44%) than in urban areas (51%)
 - Unemployment rate of rural women is lower than for urban women
- Trend between 2005-2014
 - Wage employment among women rose from 28% to 35% between 2005 and 2014.
 - During the same period, the percentage of women contributing family workers declined from 33% to 22%.
- Despite these improvements, the situation of rural women falls far short of that of urban women
 - 70% of urban women are wage workers and only 4% are contributing family workers;
 - Only 35% of rural women are wage workers, while 22% are registered as contributing family workers.

Gaps between rural and urban youth

- Participation and unemployment 2014
 - Youth participation in the labour market is higher in rural (45%) than in urban areas (42,4%).
 - Unemployment rate for rural youth is lower (6,6%) than for urban youth (16,2%).
- Trends between 2005-2014
 - Youth participation in private wage employment grew from 39% to 46% .
 - During the same period, the percentage of contributing family workers among youth declined from 36% to 27%.
 - Rural youth decreased by 1,7 millions due to rural-urban migration.
- Despite these improvements, gaps between rural and urban youth remain large:
 - In urban areas 73% of youth are wage workers and only 6% are contributing family workers.
 - In rural areas 46% of youth are wage workers and 27% are contributing family workers.
 - Poverty rate of rural youth is substantially higher (46%) than for urban youth (25%).

III. Employment, working conditions and labour income in rural areas

Improvements in working conditions in rural areas 2005-2014

Table 11. Latin America: Percentage of employment by geographic area and different indicators of working conditions, 2005 and 2014 (Percentages)

	2005			2014		
	National	Urban	Rural	National	Urban	Rural
Workers with healthcare coverage	44.3	51.1	22.0	57.8	62.7	38.4
Workers covered by pension systems	41.6	48.5	18.7	50.2	56.3	26.5
Time-related underemployment	7.0	6.8	7.6	5.4	5.2	6.3
Wage workers with written employment contracts	39.6	42.6	20.7	48.0	51.1	27.0
Unionized workers	18.3	19.3	11.8	15.7	16.4	10.5

Note: The first column lists workers covered by health insurance (contributory and non-contributory); the second lists workers who receive a pension or pay into a pension system. Number of countries included for each indicator: 12 for healthcare coverage, 11 for pension coverage, 12 for underemployment, 10 for written contract and 5 for unionization.

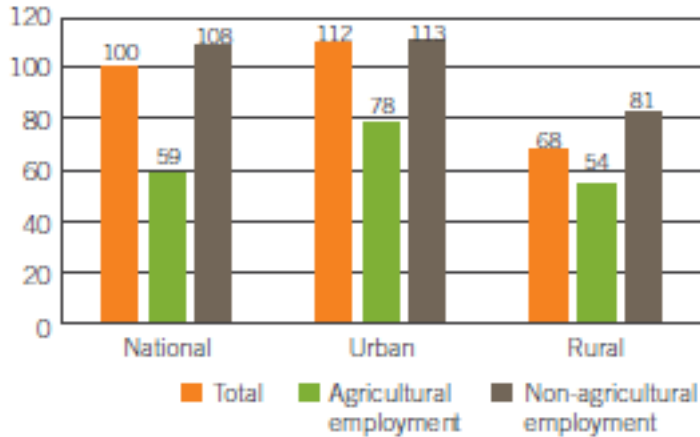
Source: ILO estimates, based on information from household surveys.

- Increase in health insurance coverage. However, only 37% is covered (vs 62% in urban areas)
- Increase in pension system coverage. However, only 26% is covered (vs 56% in urban areas)
- Decrease in underemployment
- Increase of wage workers with written contract. However, 50% still does not have a written contract (vs 82% in urban areas)
- Decrease in the percentage of unionized wage workers

III. Employment, working conditions and labour income in rural areas

improvement of labour incomes

Figure 8. Latin America (13 countries): Real labour income, by geographic area and agricultural/non-agricultural activities, 2014 (simple average of country indices)

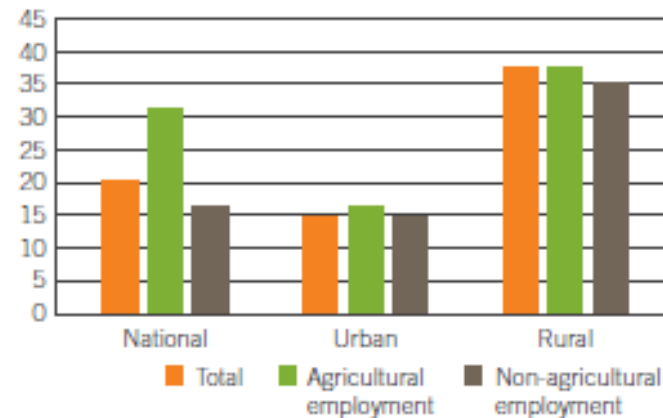


Note: Average income for all employed individuals in each country equals 100.
Source: ILO estimates, based on information from household surveys of 13 countries.

In 2014:

- Labour income in rural areas represented 68% of average labour income for urban workers
- Non-agricultural income in rural areas was 50% higher than agricultural income

Figure 9. Latin America (13 countries): Percentage change in real labour income, by geographic area and agricultural/non-agricultural activities, 2005-2014 (simple average of country indices)



Source: ILO estimates, based on information from household surveys of 13 countries.

Trend between 2005-2014:

- Labour income in rural areas grew more than in urban areas
- Labour income from agriculture grew more than labour income from non-agricultural activities
- Partly because of the rise in productivity and agricultural prices. However, these are still lower

IV. Policies to promote quality employment in the rural economy

IV. Policies to promote quality employment in the rural economy

1. Policies for productive development and strengthening of capacities

Productive development

- Improve land ownership and ensure property rights
- Invest in rural roads, irrigation, electricity and other in order to overcome any rural infrastructure deficit
- Foster rural economy diversification
- Interventions to connect small-scale farmers with global supply chains

Skills for rural employment

- Improve education and vocational training services in rural areas, with a special focus on women and youth
- Skills certification and accreditation
- Training of rural entrepreneurs
- Better aligning and linking vocational educational and training with policies for productive development from a cluster and territorial vision

IV. Policies to promote quality employment in the rural economy

2. Labour market and social protection policies

- Expand social security coverage: contributive and non-contributive mechanisms
- Universalize written employment contracts: legal reforms and improved labour inspection
- Improved impact of minimum wage system: define adequate levels and guarantee compliance
- Strengthen labour inspection: improve presence in rural areas and adopt innovative strategies (mobile inspections, special campaigns)
- Promote social dialogue and strengthen workers' and employers' organizations

IV. Policies to promote quality employment in the rural economy

3. Design and implement public policies in rural areas

Reduce the urban bias in public policies

- Allocate adequate resources to Ministries and other public entities responsible for designing and implementing programs for employment and productive development in rural areas
- Labour laws recognizing the specific context of the rural labour market in and the agricultural sector (e.g. seasonal and temporary workers, migrant workers).
- Reduce the urban bias of public policies

Strengthen the coordination and linkages among the different Ministries

- Overcome the “blind spot” between Ministries of Labour which may not consider rural areas nor the rural economy, and Ministries of Agriculture or Industry which may not consider labour issues.
- Overcome the relative absence of labour considerations in productive development policies in policies