

# **RESILIENT SOCIAL PROTECTION FOR AN INCLUSIVE DEVELOPMENT**

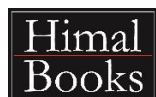




RESILIENT SOCIAL PROTECTION  
FOR AN INCLUSIVE DEVELOPMENT



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This volume consists of the proceedings of the international conference, **Resilient Social Protection for an Inclusive Development**, held in Kathmandu on 18-19 September 2019. The conference was organised by the Government of Nepal, National Planning Commission, in collaboration with ILO, UNDP, UNESCAP, UNICEF, UK Aid, The World Bank, GIZ, and Social Science Baha. The conference was divided into two parallel sessions entitled 'Policy Dialogues' and 'Research Presentations'. The main body of this book consists of research presentations on Nepal made at the conference along with three other papers, two previously published and one unpublished, which have been included for their relevance. The annexure consists of brief summaries of the deliberations in the main conference room that was devoted to presentations related to policy.

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## Foreword

Social protection has emerged as a major new focus in the effort to reduce poverty and promote human capital accumulation around the world. The 2030 Agenda for Sustainable Development aims to end poverty in all its forms by expanding social protection for all, with SDG Target 1.3 aiming to ‘implement nationally appropriate social protection systems’ towards meeting that objective. Social protection is recognised by the Government of Nepal as a key component of the country’s development agenda: an essential mechanism to reduce poverty level and increase the population’s resilience to disasters and shocks.

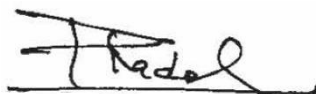
The international conference, Resilient Social Protection for an Inclusive Development, held in Kathmandu on 18-19 September 2019 aimed to strengthen social protection systems by sharing and learning about the latest global, regional and national trends, research findings, best practices and experiences from around the world. It was hoped that the deliberations at the conference would support the Government of Nepal and its relevant ministries in delivering on its vision of a core package of social protection for all, with a focus on the next generation and particularly the most vulnerable, and help Nepal become a more prosperous nation.

I found the international conference to be a great example of collaboration between the government and the development partners in pursuing a common vision and agenda related to social protection. The conference was scheduled in an appropriate way that assisted the process of developing an Integrated National Framework on Social Protection to better harmonise and ensure sustainable impact of the social protection system in the country.

I would like to congratulate the National Planning Commission team, particularly Honourable member Dr Ram Kumar Phuyal for steering the whole process of organising the conference on behalf of the National Planning Commission, Government of Nepal. Similarly, I would like to

acknowledge the representatives from various ministries of government, development partners—UNICEF, DfID, the World Bank—and Social Science Baha and others for the support and technical expertise in making the event successful.

I hope the papers presented in this volume will serve as a useful reference to policy-makers, researchers and its practitioners alike.

A handwritten signature in black ink, appearing to read 'P. Kandel', written over a horizontal line.

Prof Dr Puspa Raj Kandel  
Vice-Chairperson, National Planning Commission  
30 April 2021

## Preface

The Government of Nepal (GoN) is committed to internalising the Sustainable Development Goals (SDGs) into national policies and programmatic actions. Social protection has emerged as one of the key intervention areas to address poverty, hunger and social inclusion. Nepal has already established a good foundation for social protection while also expanding it gradually. The 15th Periodic Plan (2019/20–2023/24) has given high priority to social protection, including expansion of the child grant and the contributory social security scheme. The Plan aims to cover around 60 per cent of the population under the social protection net by the end of the plan period and has committed to increasing the share of social protection expenditure in the national budget from 11.7 per cent in 2018/19 to 13.7 per cent by 2023/24 and 15 per cent by 2029/30.

It was a good time for Nepal to organise an international conference on the social protection agenda in Kathmandu on 18-19 September 2019 to discuss among scholars, experts and policy-makers, and to replicate the best practices in order to achieve target and goals envisioned in the periodic plan. Led by the National Planning Commission, Government of Nepal, this conference was organised under the banner ‘Resilient Social Protection for an Inclusive Development’. The aim of the conference was to bring together the best brains from around the globe engaged in research, planning and implementation of social protection programmes and to learn from each other. It was attended by more than 300 distinguished guests and participants from around 15 countries.

The conference explored some of the key trends shaping the poverty and inequality discourse in the South Asia region. It also scrutinised recent advances in measuring inequality of opportunity to frame the debate on the importance of social protection as a key tool to reducing inequalities in its multiple forms and achieve a more sustainable development outcome through addressing the various social protection means.

One critical discussion was on Nepal’s current plans to expand the child

grant and bring in experiences on how different countries have moved towards its universal coverage. Another key issue discussed was that in addition to providing a safety net for the most vulnerable people, social protection can also be a means of support for them to be more productive, facilitating people in moving up the ladder of prosperity. The discussion on developing systems—policy integration, implementation systems and financing—were equally important for Nepal since we are currently focused on system strengthening.

Besides sharing experiences and good practices on social protection, one of the main goals of the conference was to promote informed policy debate to support the GoN and its relevant ministries in their efforts to promote and advance an inclusive social protection agenda for the country. In that sense, the conference became an interesting event, where representatives from different ministries identified key priorities in an action plan for social protection that called for the creation of an integrated social registry, institutional arrangements, linkages between social protection and key services, investment in productive employment and social security, and expansion of the coverage of specific programmes, in particular, child grants.

I would like to extend my deepest gratitude to the Honourable Vice-Chair of the NPC, Prof Dr Puspa Raj Kandel, for his valuable guidance and suggestions, the Finance Minister, Honourable Dr Yubaraj Khatiwada, for shaping the discussion with his inaugural remarks as the chief guest, and the Minister of Labour, Employment and Social Security, Honourable Mr Gokarna Raj Bista, for closing the conference while reminding us of the major debates and reaffirming the government's commitment to the establishment of more effective and comprehensive social protection schemes, particularly for vulnerable populations.

I would like to thank the keynote speaker, Dr Hossain Zillur Rahman, all the distinguished speakers, paper presenters, and discussants for their valuable contribution in making the conference a grand success. I was very impressed by the active participation by members of the NPC team as well as by representatives of various ministries of the Government of Nepal, the international community and development partners, including in their role in coming up with a call for action at the end of the conference.

I would also like to express my sincere recognition to Honourable Dr Krishna Prasad Oli, and Honourable Dr Usha Jha, and other members of NPC, Mr Balananda Paudel, Chair, National Natural Resource and Fiscal Commission, Secretaries of various ministries of the Government of Nepal, international community and development partners, scholars and policy-makers, speakers, presenters and discussants for their valuable contribution in making the event a grand success along with a call for action at the end of the conference.

Finally, I would like to appreciate the role of Social Science Baha in bringing the conference papers to this shape and publishing it. I hope this publication will help us revisit and take action on what we discussed and agreed upon, besides, also serving as a useful resource for all of us engaged in social policy work.

A handwritten signature in black ink, appearing to read 'R. Phuyal', with a stylized, cursive script.

Ram Kumar Phuyal, PhD  
Member, National Planning Commission  
Chair, Social Protection Conference Steering Committee  
30 April 2021



## Chapter 1

# The Quest for Achieving Universal Social Protection in Nepal

## Challenges and Opportunities

**Bandita Sijapati**

### INTRODUCTION

With the new millennium, social protection has emerged as a new priority area in the international development agenda with social protection policies now considered a preferred instrument for poverty reduction, human development and for securing the rights of the poor (Carmona and De Schutter 2010). This shift in the development paradigm signifies a major departure from the previous discourse which regarded social protection programmes as being desirable in developed countries but viewed it as unsuitable for developing ones (Gill and Raiser 2012).<sup>1</sup> Even then, access to social protection is very limited—only 20 per cent of the world's population has adequate social security coverage, and more than half lack any coverage at all (ILO nda).

This article will use the experience of Nepal as a case study to understand the different approaches to social protection in the South Asian region, and also the challenges faced and issues remaining in providing a minimum level of social protection necessary for a decent living. The experience of Nepal is important because the country has come a long way over the last 20 years, with social protection covering only government pensioners to one where the government is implementing a varied portfolio

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<sup>1</sup> In this regard, it is not surprising that Europe, with only around 10.5 per cent of the world's population, accounts for over 58 per cent of global social protection spending (Gill and Raiser 2012).

consisting of social insurance, cash and in-kind social assistance programmes, and labour market initiatives, which cost about 2.5 per cent of the GDP and directly benefit over 7.6 million individuals (of the approximately 27 million). Despite these initiatives, the coverage as well as benefits of individual schemes are very low, approximately NPR 200–500 (USD 2–5) per month,<sup>2</sup> and spread across programmes, making it difficult to close the poverty gap (Koehler 2014).

This article is divided into five parts. The first section is a description of the conceptual framework used to inform the analysis. That is followed by a brief account of the different types of vulnerabilities people in Nepal face. The article then provides a mapping of the existing social protection programmes to examine the extent to which these different social protection expenditures are contributing to the four policy spheres of social protection, namely, protective, preventative, promotive and transformative, with the goal of ultimately addressing the different types of risks and vulnerabilities people face. The article then provides empirical evidence on the impact and performance of social protection programmes by drawing on the analysis of several household survey data. Finally, using the ‘politics of social protection’ approach, the article shifts the analysis to provide a greater understanding of the institutional and governance structures that shape the implementation of social protection policies in Nepal.

## CONCEPTUAL FRAMEWORK

Existing literature on ‘social protection’ provides numerous definitions that are generally broad enough to include a large variety of initiatives under its rubric. However, as aptly described by Brunori and O’Reilly (2010), in the context of development, there are three conceptual bases that ground the definition of social protection. First, following the tradition of the International Labour Organization (ILO), some define social protection as a human right and accordingly consider social protection as the development of social rights such as equality, inclusion and non-discrimination (ILO ndb; Piron 2004). Second, adhering to the World Bank’s point of view, some consider that in an increasingly unstable condition, especially as it relates

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<sup>2</sup> As a reference, the poverty line of Nepal is roughly NPR 19,261 or around USD 200 (CBS 2011).



to shocks from poverty, social protection allows vulnerable groups to invest and accumulate assets, and, consequently, escape poverty. In this regard, social protection is considered a mechanism for addressing various types of risks: reducing risks in the labour market, risk mitigation measures to deal with anticipated shocks, and risk-coping mechanisms to relieve the impact of risk after it has occurred (Ovadiya et al 2015; World Bank 2003). Finally, governments of developing countries and others consider social protection to be a sustainable and efficient ingredient of pro-poor economic growth (Barrientos, Hulme and Shepherd 2005; Ferrera, Hemerijck and Rhodes 2001; OECD 2009; UNICEF 2012; Weber 2006).

Hence, social protection, which was previously limited to pensions for civil servants, and occasionally for protecting and supporting people to manage the impact of shocks such as flood, drought, unemployment or the death of a breadwinner, has evolved to include long-term preventative and promotive perspectives, while continuing to focus on the management and mitigation of shocks. Reflecting these various conceptual underpinnings, Devereux and Sabates-Wheeler (2004) have provided a framework that includes four categories of interventions: protective (recovery from shocks), preventative (mitigating risks in order to avoid shocks), promotive (promoting opportunities), and transformative (focusing on underlying structural inequalities which give rise to vulnerability).

From a policy perspective, it is believed that a comprehensive social protection system should ideally include elements of all four types of interventions: protective, preventative, promotive and transformative. Furthermore, whatever instrument is used to achieve the goals of social protection (i.e., social assistance, labour market interventions, etc), it is believed that such programmes should be context-specific and also provide permanence and predictability so that households can reduce their risks to future shocks, and plan and prioritize their expenditure accordingly (Scott 2012).

## **VULNERABILITIES IN THE CONTEXT OF NEPAL**

There are five types of vulnerabilities often associated with households in Nepal. The first relates to income poverty. Nepal has experienced a drastic decline in poverty rates from 42 per cent in 1995–1996 to 25 per cent in

2010–2011 (CBS 2011; World Bank 2013a). However, recent evidence also suggests that the number of people who would fall in the near-poor category (i.e., living on less than USD 2 per day) is significant, at 56 per cent of the total population, thus indicating the vulnerability of a large percentage of the population to income-related shocks (World Bank, n.d.). While the reasons for income-related shocks are primarily acute inequities in land and resources (Koehler 2011; OPHI 2013; World Bank 2016), labour market inequities (ILO 2004; Sijapati 2014; World Bank 2011c), limited access to infrastructure (Muzzini and Aparicio 2013; World Bank 2016), and population growth and dependency structure (Bhandari and Ghimire 2013; Uematsu, Shidiq and Tiwari 2016), to name a few, their impacts are far-reaching as well as unequally distributed across different income groups. For instance, owing to income pressures, a large proportion of the Nepali population has been facing massive food insecurity time and again—the food price crisis of 2008 led to an estimated 6.5 to 10.5 million people, or as many as 30 per cent of Nepal’s population, living in hunger, an increase of at least 2 million compared to 2005 figures (FAO 2010; Koehler 2011; UNICEF 2009). Likewise, as reported in the Nepal Safety Nets Survey 2011, about two-thirds of the poor compared to over two-fifths of the richer households reported having faced some form of shock the previous year (World Bank 2011a).

Second, historical and structural exclusions with regards to caste, ethnicity, gender and geography lead to another major form of vulnerability. These vectors of group-based inequalities, generally termed ‘horizontal inequalities’, have very strong bearings on the spatial distribution of poverty (ADB 2010; Bennett, Sijapati and Thapa 2013; World Bank and DFID 2006). As explained by Kabeer (2009), deep-seated ‘ideologies of difference and inferiority’ that manifest themselves in hierarchical relations of caste, gender, language, religion and ethnicity are some of the factors that explain the intractability of poverty and social exclusion in Nepal as well as other parts of South Asia. Specifically, in Nepal, people from indigenous communities, Dalits and minority religious groups tend to be over-represented amongst the chronically poor. Additionally, they tend to have higher mortality rates, suffer poorer health, are more vulnerable to food insecurity, and have limited educational and economic opportunities, which are

further exacerbated by limited access to and ownership of productive assets, poorer mobility and lower social status (ADB 2010; DFID 2013; Shively Gars and Sununtnasuk 2011; Upreti et al 2012).

Similarly, ‘patriarchal risks’ often rooted in the prevalence of extreme forms of gender-based discrimination, the structurally inferior role ascribed to women and girls, restrictions on women’s economic activities, and the reliance on the male breadwinner increase the vulnerability of women who do not have male support (Koehler 2011). As Kabeer (2009) further adds, ‘While gender inequalities are not confined to any particular class, they interact with other socio-economic inequalities to place women from poor and marginalised groups, particularly those who are older, widowed or disabled, at a greater disadvantage than the rest of the population.’ But social exclusion is not only identity based—the Karnali region, one of the most remote and less developed regions of the country, has particularly high levels of deprivation, with geography being a major factor explaining their exclusion (Bennett et al 2013; Gurung and Kollmair 2005; World Bank and DFID 2006).

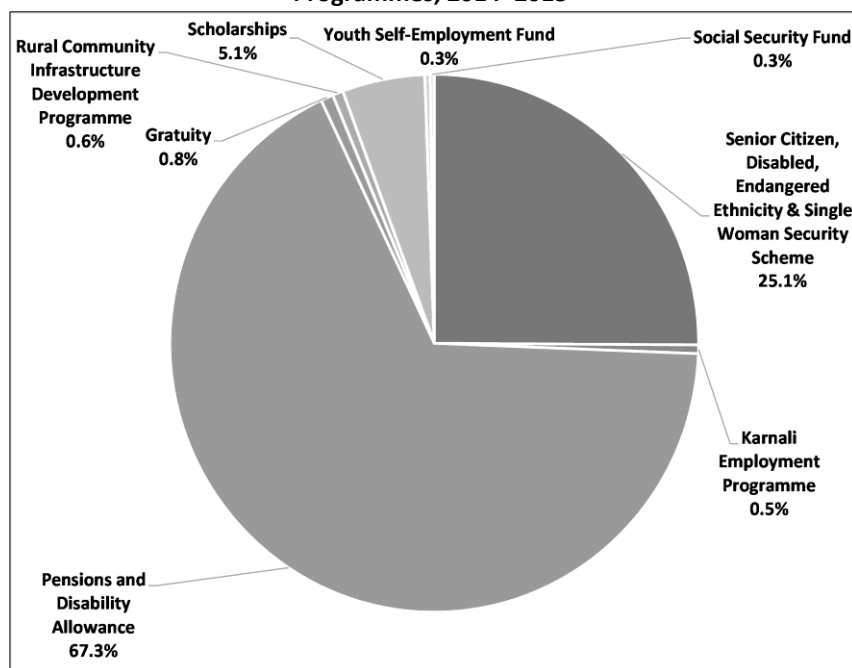
Third, there is a range of life-cycle vulnerabilities that affect people’s lives in Nepal. In particular, Nepal has been undergoing a demographic transition—in 2000, people over 60 years of age made up 5.7 per cent of the population and current estimates suggest that this figure will increase up to 13 per cent by 2040 (World Bank 2011a). Likewise, the fact that the demographic shift underway in Nepal is relatively recent also means that the population of the country is young. These twin pressures—the growing size of the elderly population and the relatively large proportion of children and youth—present considerable challenges in provisioning social protection for the elderly and children, both of whom are at risk (see Shrestha 2012; and Adhikari 2013, for a background on a variety of problems experienced by the elderly in Nepal). To cite an example of risks borne by children in Nepal, a report by UNICEF (2010) reveals that child malnutrition affects 45 per cent of children under 5 years of age in Nepal. Furthermore, according to the Global Age Watch Index 2013, Nepal ranks 77 out of 91 countries in terms of quality of life and well-being of older people (HelpAge International 2013).

The fourth challenge confronting Nepal is linked to continued political

violence and an unsettled constitutional and political environment. As described by Sharma and Donini (2012), Nepal is on the ‘cusp of a major transformation’ whereby the old feudal and caste structures are collapsing and a new social order is emerging (see also World Bank 2011b). As a result, even though the decade-long civil war, which cost 11,000 lives, formally ended in 2006, violence remains prevalent in many parts of the country. Finally, environmental degradation and recurrent natural disasters have been enduring features of Nepal that have not only led to socio-economic insecurity but also increased the vulnerability of people, especially those from marginalized sections of the population as described previously (ADB 2004; Koehler 2011).

To conclude, the interlinkages between the five types of vulnerabilities are strong, with significant overlaps between them. As indicated by the Nepal Safety Nets Survey 2011, over half the households in Nepal experience some form of shock, about 20 per cent do not have access to

**Figure 1: Distribution of Expenditure for the Major Social Protection Programmes, 2014–2015**



Source: Ministry of Finance, Red Book: Estimates of Expenditure, FY 2014–2015.

two square meals, and one-third face food shortages in any given year. A further disaggregation suggests that about 66 per cent of the poor, compared to 44 per cent of the richer households face such shocks. Marginalized groups like Dalits [previously known as lower-caste groups] and Janajatis [indigenous people] experience such insecurities more acutely than other groups—about half of the Dalits face food shortages and over one-third do not have adequate number of meals (two square meals) for days (World Bank 2011a).

## **MAPPING SOCIAL PROTECTION INITIATIVES IN NEPAL**

Nepal has come a long way in the past couple of decades in expanding social protection to groups beyond government pensioners and has been implementing a varied portfolio of social protection programmes consisting of social insurance, cash and in-kind social assistance and labour market initiatives. In the fiscal year (FY) 2012–2013, approximately 2.79 per cent of the national budget was allocated to social security programmes, benefitting over 7.6 million individuals (out of the approximately 27 million total population; Development Advocate 2014; see Figure 1 for a breakdown of budget allocations for these various programmes in FY 2014–2015).

This section of the article will map the existing social protection programmes in Nepal (Table 1) to examine the extent to which these have been contributing to the aforementioned four policy spheres, namely, protective, preventative, promotive and transformative, with the goal of ultimately addressing the various types of risks and vulnerabilities mentioned previously.

### ***Protective***

Since 2005, Nepal has been implementing a range of ‘protective’ measures to provide assistance to groups that are unable to meet their needs themselves and also assist them in moving out of poverty. These primarily include cash transfer programmes for the elderly, single women, people with disabilities, Dalits and those from ‘endangered ethnicities’. These cash transfer programmes provide unconditional cash transfers to all citizens over the age of 70,<sup>3</sup> to destitute widows aged 60 and over, and to disabled

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<sup>3</sup> The eligibility age for Dalits has been reduced to 60.

**Table 1: Various Types of Social Protection Initiatives in Nepal**

	Objective	Initiatives in Nepal
<b>Protective</b>	Provide assistance to groups that are unable to meet their needs themselves (reduces poverty).	<ul style="list-style-type: none"> <li>• Cash transfers for the elderly, single women, people with disabilities, Dalits and those from endangered ethnic groups.</li> <li>• Public works primarily the Rural Community Infrastructure Works (RCIW) and the Karnali Employment Programme.</li> <li>• Scholarships for basic and secondary education.</li> <li>• Mid-day meals in the Karnali region and 14 other districts, some of which are supported by the World Food Programme.</li> <li>• Cash relief to conflict-affected people.</li> <li>• Health care comprising: (a) safe motherhood/Aama programme that provides incentives for delivery at health institutions, (b) emergency referral programme for pregnant women and other target populations, (c) Senior Citizen Health Care Programme, (d) leprosy control, (e) health care for children and poor with classified diseases, (f) free treatment for uterine prolapse, and (g) free anti-retroviral treatment (ART).</li> <li>• Social welfare that includes old-age home and child welfare centres; programmes for disabled and senior citizens; temporary shelter homes or safe houses for migrant workers; and affordable housing for the poor.</li> <li>• Subsidized food distribution that involves transportation subsidy on essential food (e.g., rice and lentils) in 30 remote districts.</li> </ul>
<b>Preventative</b>	Prevent poverty from occurring	<ul style="list-style-type: none"> <li>• Pension which involves non-contributory schemes, retirement gratuity, leave and medical benefits to civil servants and teachers.</li> <li>• Employees Provident Fund which includes mandatory retirement savings scheme for public employees. Other formal sector workers can participate voluntarily. The fund collects 10 per cent of the salary which is then matched by the employer.</li> </ul>

- Citizens Investment Trust Fund provides various savings and investment schemes, insurance programmes, capital markets services, unit-trust management services and trustee services such as voluntary retirement schemes (pension funds, gratuity funds, etc) and mandatory insurance fund programmes on the basis of fully funded and individual account.
- Welfare funds of Nepal Army/Nepal Police/Armed Police.
- Social Security Fund which is a contributory scheme that is meant to cover all formal sector workers against unemployment, disability, maternity, medical, dependent and old-age benefits; financed by 1 per cent tax on income; not yet operational.
- Other benefits for formal sector workers include paid leave, maternity benefits and medical expenses.
- Others include health insurance schemes, crop and livestock insurance schemes, free basic health care, free basic education, immunization and micronutrient supplement programme, and other nutrition-related programmes.

**Promotive**

- Youth Self-employment Programme that provides collateral-free loans to start a business.
- Cooperatives and microfinance programmes that have been launched by various government and non-government organisations.
- Active labour market programmes such as skills and entrepreneurship development programmes.
- Karnali Employment Programme that provides 100 days of employment for one member of each family.
- Poverty reduction programmes such as those implemented by the Poverty Alleviation Fund (PAF) through employment generation and infrastructure development in the context of decentralized governance, among others.

- Others include various empowerment programmes that are being implemented by different agencies, and provide various subsidies and writing off bank loans of small farmers.

<b>Transformative</b>	Addresses social equity and exclusion	<ul style="list-style-type: none"><li>• Reservations for women, Dalits, Madhesis and Janajatis in government services.</li><li>• Range of protection for children, women and general citizens under the Civil Code.</li></ul>
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Source: Adapted from Harvey (2009), World Bank (2013b), Koehler (2011), Upreti et al (2012) and ILO (2004).

Note: It is possible for interventions to fall into more than one category.

individuals who are unable to work. Over time, a significant number of beneficiaries have opted for these benefits, with, for instance, the number of beneficiaries of the old-age allowance having increased seven-fold from 344,348 in FY 2006–2007 to 2.16 million in 2012–2013 (Development Advocate 2014). Additionally, there are scholarship schemes for poor, girls and those from marginalized groups; midday meal programmes; cash relief to conflict-affected people; social welfare programmes, primarily welfare centres and housing support; subsidized food distribution in remote districts; and a variety of health care support. The government has also been expanding a maternal birth grant scheme that would provide cash incentives to health institutions and workers, transport and free delivery services to mothers along with a cash transfer to those opting for delivery in health facilities (Kabeer 2009). Notably, Nepal is reportedly one of the few countries in the world with a universal old-age pension but just around 7 per cent of the total social protection budget is allocated for this form of social assistance (including old-age pension), while an additional 6 per cent goes for child-related interventions.<sup>4</sup>

**Preventative**

Preventative measures geared towards preventing poverty from occurring include a variety of pension schemes retirement gratuity and medical

<sup>4</sup> Child-related interventions include scholarships for girls and children from disadvantaged groups, including Dalits to promote attendance at primary school level. There is also provision of free textbooks and meals for primary school children (Kabeer 2009).



benefits for civil servants and teachers (Badal 2005).<sup>5</sup> Recently, the government also introduced the Social Security Fund, which is a contributory scheme meant to cover all formal sector workers against unemployment, disability, maternity, medical, dependent and old-age benefits. The Social Security Fund is financed by a 1 per cent tax on income but despite having accumulated significant contributions from formal sector workers, the fund has not yet been operational.

Other initiatives of similar nature include the Employees Provident Fund, which includes mandatory retirement savings scheme for public employees and voluntary participation for other formal sector workers. The provident fund collects 10 per cent of the salary, which is matched by the employer.<sup>6</sup> Similarly, the Citizens Investment Trust Fund provides various savings and investment schemes, insurance programmes, capital markets services, unit-trust management services and trustee services such as voluntary retirement schemes and mandatory insurance fund programmes on the basis of fully funded and individual accounts. There are also welfare funds of the Nepali Army/Nepal Police/Armed Police, and other benefits for formal sector workers that include paid leave, maternity benefits and medical expenses. The government has also recently introduced health insurance schemes, crop and livestock insurance schemes, free basic health care, free basic education, immunization and micro-nutrient supplement programme, and other nutrition-related programmes to support welfare, especially of the poor.

Importantly, most of the expenditures on social protection would fall under this category. In fact, around half of the expenditure on social protection is spent on social security for formal workers, leaving other vulnerable groups with limited support (Kabeer 2009). Equally notable is the fact that there are currently no concrete social security arrangements for informal

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<sup>5</sup> According to the Labour Rules 1993, employees serving for three years or more and retiring from service are entitled to get gratuity, also known as severance pay, at the following rates: (a) for the first seven years of continuous service, gratuity should be paid at the rate of 50 per cent of the monthly salary per annum; (b) for seven to fifteen years of continuous service, gratuity should be paid at the rate of two-thirds of the monthly salary per annum and (c) for service exceeding 15 years, gratuity should be paid at the rate of one month's salary per annum. At present, some commercial banks and the Citizens Investment Fund administers gratuity funds.

<sup>6</sup> The fund thus collected is deposited in commercial banks or Employees Provident Fund, an autonomous authority in Nepal.

sector workers (Badal 2005) even though around 95 per cent of employment in Nepal is informal (CBS 2009; Sijapati 2014).

### **Promotive**

Promotive programmes that would increase the income and capabilities of people are focused mostly on those that would provide employment and entrepreneurial opportunities for the beneficiaries. The most important ones include the Youth Self-employment Programme, which provides collateral-free loans for starting business, and the Karnali Employment Programme that runs the 'One Family One Employee' scheme in the remote and poverty-stricken Karnali zone to provide 100 days of paid work in public works schemes at minimum wage. Additionally, in the interest of building rural infrastructure at the community level, the government has been managing the RCIW programme, a labour-intensive, food-for-work public works project that provides cash and in-kind payments to the poor in return for work done. The programme currently covers 30 of the country's 75 districts. Notably, both these programmes have adopted the underlying principle of the National Rural Employment Guarantee Scheme in India.

Other projects aimed at enhancing livelihood opportunities for the targeted populations, primarily the poor, include various poverty reduction programmes and support for cooperatives and microfinance institutions. While agriculture development programmes through cooperatives have existed since the 1950s, microfinance has increasingly been adopted since the 1990s as a major poverty reduction strategy. Importantly, these programmes have been launched by various government and non-government organizations and spread across the country. One of the most widely known programmes of this nature is the PAF, which focuses on enhancing income capabilities, employment generation and infrastructure development in the context of decentralized governance. Likewise, subsidies for the poor and writing off of bank loans of small farmers are also important initiatives implemented to promote income and capabilities of the rural poor (Kabeer 2009).

### **Transformative**

In the context of social protection, transformative programmes are those that address issues of social equity and exclusion. The government amended the

Civil Service Act in 2007 to reserve 45 per cent of the seats to women, Dalits, Madhesis and Janajatis in government service. Additionally, there is a range of protection measures for children, women and general citizens under the Civil Code and the Constitution of Nepal 2015.<sup>7</sup> While these are significant steps in terms of acknowledging the need to address the social exclusion of marginalized groups for equitable development and for addressing the historic wrongs, there is more to be desired in terms of translating the principles of inclusion into concrete policies and practices (Kabeer 2009).

To sum up, in 2004–2005, Nepal had spent around 0.5 per cent of its GDP on social protection (including pensions) whereas the average for South Asia at that time was about 2.4 per cent. Presently, the country spends close to 3 per cent on social protection (this figure only includes pensions, social security allowances and scholarships, not other instruments; Khanal 2014). But despite the plethora of these programmes, a closer look at public expenditure on these programmes suggests that a significant share (about 60 per cent of social protection budget) is used up by social insurance programmes which predominantly consist of public sector pensions. In contrast, social assistance programmes comprise 37 per cent of the social protection expenditure, while labour market programmes, which are still relatively underdeveloped, account for just 2.5 per cent of the total social protection expenditure (see Figure 1).

## **IMPACT OF SOCIAL PROTECTION PROGRAMMES**

This section of the article will provide empirical evidence, albeit limited, on the impact and performance of the social protection programmes, with data derived primarily from the nationally representative household survey, the Nepal Living Standards Survey III (NLSS III), and other relevant studies of similar nature.

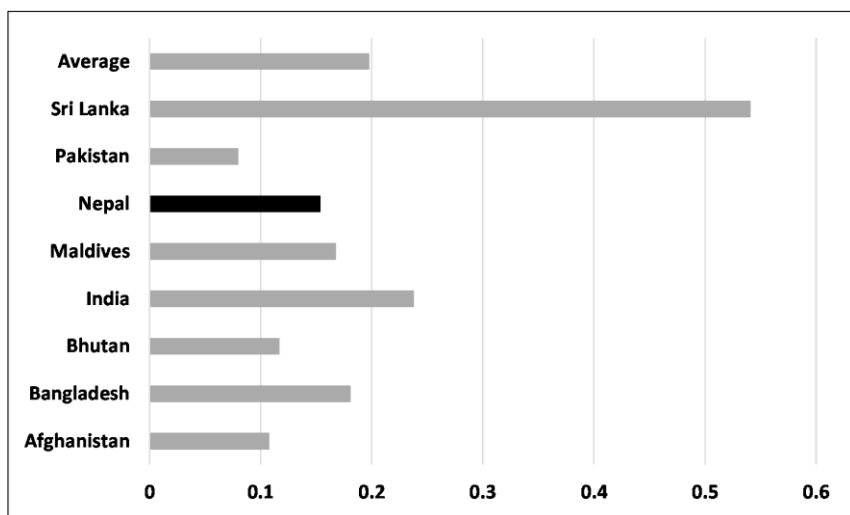
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<sup>7</sup> The Constitution of Nepal 2015 has considered employment and social security as fundamental rights of every citizen. More specifically, Part 3, Section 33, of the Constitution states, ‘every citizen shall have the right to employment’ and Section 43 mentions, ‘economically poor, physically incapacitated and helpless persons, helpless single women, persons with physical impairment, children, persons who cannot look after themselves and citizens who belong to communities that are on the verge of extinction, shall have the right to social security.’ The constitution further guarantees ‘right to education’, ‘right to proper work practices’, ‘right to health care’, ‘right to food’, ‘right to housing’, ‘right of women’, ‘right of Dalits’ and ‘right of senior citizens’ as fundamental rights of every citizen.

### **Beneficiaries of Social Protection Programmes**

Existing information indicates that coverage of social protection programmes in Nepal is slightly higher than some of the other countries in South Asia like Pakistan, Bhutan and Afghanistan (see Figure 2). But the programmes in Nepal are geographically dispersed, and awareness about them varies substantially across different regions and population groups.

**Figure 2: Breadth of Coverage of Social Protection Programmes**

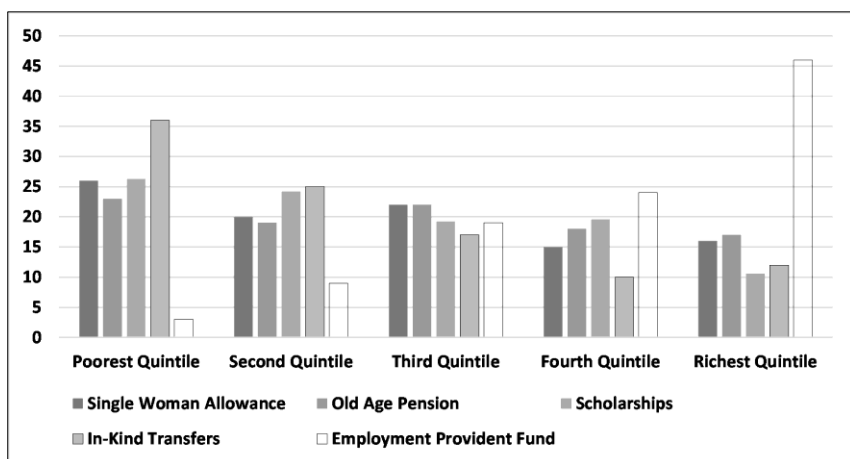


Source: ADB (2013).

According to the social protection survey supported by the World Bank, approximately 26 per cent of households in Nepal participate in at least one safety net programme (World Bank 2011a, 2013b).<sup>8</sup> Furthermore, analysis of the NLSS III data indicates that all households in the different wealth quintiles are receiving benefits, particularly from cash transfer programmes (see Figure 3). Likewise, over 80 per cent of the elderly in Nepal receive the old-age allowance (Babajanian 2013). This suggests that the majority of social protection programmes in Nepal are not targeted at the poor or at specific economically disadvantaged groups. Rather, they are quite universal in their coverage and applicability.

<sup>8</sup> Some areas (e.g., Karnali) have much higher coverage and the same is true for areas with higher conflict deaths.

**Figure 3: Beneficiaries of Select Social Assistance Programmes across Different Wealth Quintiles**

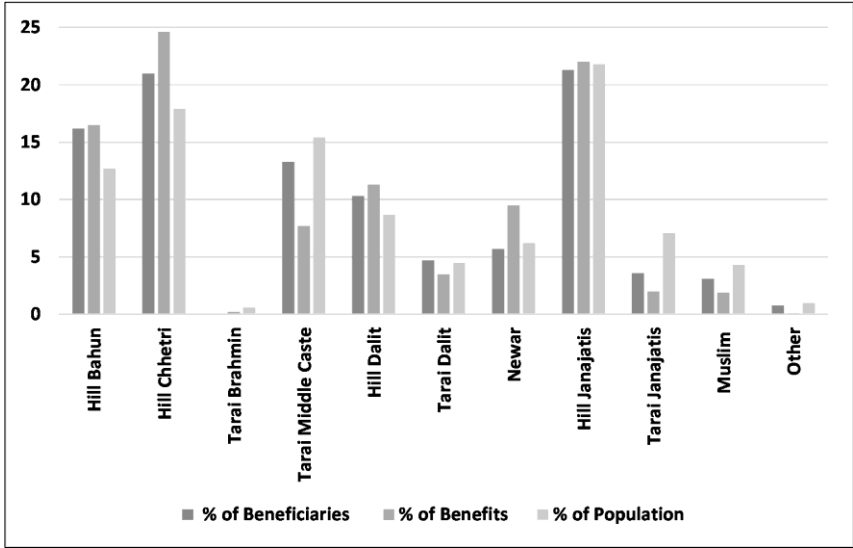


Source: World Bank (2013b).

The only programmes that households in the poorer quintiles have exclusively benefitted from are the scholarship schemes that are targeted categorically for the poor, and in-kind transfers that are geographic in scope and limited in terms of allocation as well as coverage (World Bank 2011a). For instance, of the total beneficiaries of social insurance schemes (e.g., Employees Provident Fund and, internal and external pensions), 70 per cent are from the top two wealth quintiles while 61 per cent of the beneficiaries of in-kind transfer programmes are from the two poorest quintiles. But social assistance programmes such as cash transfer programmes (old-age pensions, single woman allowances and maternal incentives) provide universal coverage—35 per cent of the beneficiaries are from the richest two quintiles and another 43 per cent are from the bottom two (See Figure 3; World Bank 2013b).

Similarly, in terms of different caste/ethnic groups, using cash transfers as a proxy for social protection, findings from an analysis of the NLSS III data also indicate that the share of benefits received by each group is roughly proportional to the group's population. However, as shown in Figure 4, Tarai groups seem to have benefitted slightly less than the hill groups from the cash transfer programmes, pointing to possible regional exclusion in the distribution of social assistance benefits (World Bank 2013b).

**Figure 4: Beneficiaries of Cash Transfers by Caste/Ethnicity**



Source: World Bank (2013b).

***Impact of Social Protection Programmes***

So far, there have only been a few rigorous evaluations of the impact of social protection programmes in Nepal either by using primary data or on the impact of such programmes either in terms of their welfare or their distributional impacts. Drawing upon various studies, this section will attempt to provide an analysis of the contributions of social protection programmes in terms of addressing poverty, inequality and other such benefits, wherever evidence exists.

***On Poverty Reduction***

At the aggregate levels, the impact of social protection programmes on poverty levels has been important. Assuming that the entire beneficiary budget for cash transfers was availed to poor households, simulations conducted by the World Bank indicates that in the absence of social insurance programmes, the levels of poverty in Nepal would have increased from the current rate of 25.2 per cent to 26.6 per cent; and without cash transfers and scholarships, the poverty rate would have been 25.5 per cent (an increase of less than 0.5 percentage points; World Bank 2013b). However, as will be discussed in the ensuing sections of the report, the current design and mechanism for delivering cash

transfer programmes has had minimal impacts.

A comparison across households suggests that the difference between recipients of social protection programmes and others are minimal. For instance, based on the analysis of the NLSS III, a comparison of households receiving various types of cash transfers and the overall national average indicates that the rates of poverty (headcount poverty rates) across all groups is similar, indicating that there are no impacts of cash transfers on consumption levels (see Table 2).<sup>9</sup> Likewise, the scores on poverty gap, which measures the intensity of poverty, and the scores on squared poverty gap, which measures inequality among the poor, suggest that the impact of cash transfers in reducing the intensity of poverty and inequality have been very limited, if any.

**Table 2: Impact of Cash Transfer Programmes on Poverty and Inequality**

	Headcount (%)	Poverty Gap (%)	Squared Poverty Gap (%)
National level	25.2	5.4	1.8
Cash transfer programmes			
Widow pension	25.2	5.4	1.8
Old-age pension	25.6	5.5	1.9
Disability allowance	25.2	5.6	1.8
Endangered ethnicities	25.2	5.4	1.8
All cash transfers	25.6	5.7	1.9
Poverty targeting	22.2	4.4	1.4

Source: World Bank (2014).

The national-level analysis is also corroborated by area-specific and qualitative studies. For instance, an appraisal of the Karnali Employment Programme suggests that despite the 100 days of employment provided to one member of a household from that impoverished region, only 13 out of 300 responding households indicated food sufficiency throughout the year

<sup>9</sup> While the difference in national-level poverty rate and poverty levels of households receiving the different types of cash transfers is low, simulations conducted by the World Bank indicates that in the absence of social insurance programmes, the aggregate poverty levels in Nepal would have been 26.6 percent, and without cash transfers and scholarships, it would have been 25.5 percent. These rates are slightly higher than the current poverty rate of 25.2 per cent (World Bank 2013b).

(Vaidya 2010). Similarly, recipient households of the child grant in Nepal indicated that while they are able to purchase manufactured and more nutritious food with the grant, the impact on the overall level of food security of the household has not changed because the quantity of food consumed remains the same (Adhikari et al 2014).

There is some evidence, however, indicating that in households with the elderly (70 years and older), the old-age allowance, despite being minimal, is estimated to have reduced the poverty rate by 20 per cent and the poverty gap for the group by 35 per cent when compared to a situation without the cash transfers (Kidd, Calder and Wylde 2011). In another study, approximately 92 per cent of the recipients of the old-age pension mentioned that had it not been for the allowance, it would have been difficult to survive, followed by 27.5 per cent of the respondents mentioning that they would have been compelled to work for their two square meals and 11.3 per cent even suggesting that they would have been forced to beg for a living (Uprety 2011). The mixed results suggested by these studies indicate that while the impact of social protection at the household poverty levels might not be too substantial, they do contribute to the well-being of individual recipients.

### *On Social Transformation*

Besides possible impacts on poverty, social protection programmes are also considered to have ‘transformative’ roles in that they not only help people meet their basic needs and contribute to long-term well-being, but also contribute to broader societal goals of inclusion, equity, social justice and empowerment (Sabates-Wheeler and Devereux 2008; UNICEF 2012). The ‘transformative’ ideals of social protection programmes are well couched in the strong rhetoric of inclusion in Nepal’s constitution as well as a variety of social inclusion initiatives. However, existing data indicates that Dalits have lower coverage rates in terms of accessing social protection programmes. For instance, according to the aforementioned Social Protection Survey supported by the World Bank, the existing scholarship schemes covers only 36 per cent of eligible Dalit school children while Janajatis and Bahu/Chhetris receive the bulk of resources. In terms of gender, there is good coverage of women—74 per cent of women eligible for either the old-age pension or widow allowances are covered (World Bank 2011a). But the



differences across various groups of women (i.e., Dalit women, Janajati women, Madhesi women and women from the ‘upper-caste’ groups) remain to be examined.

Seemingly, the fact that Dalits are eligible for old-age pension after reaching 60 years of age while those from other groups receive it only when they reach 70 years indicates the government’s efforts to support one of the most marginalized sections of its population in recognition of their historic exclusion. However, contrary to the objectives of this lowered eligibility rate, findings from a research conducted in Rolpa district suggests that it has led to tensions between Dalits and non-Dalits, particularly with the latter harbouring negative attitudes against Dalits as well as the state (KC et al 2014).

#### *On Non-Tangible Benefits*

Social protection programmes also seem to have non-tangible benefits, especially for the elderly who have other forms of safety nets (e.g., living arrangements with family members, particularly children). In a study conducted by HelpAge International (2009), it was found that the elderly used a large portion of the old-age pension towards their personal health care (e.g., buying medicine) and for personal supplies (e.g., clothing, toiletries, tobacco and donations), while many others pooled their money with the household income.

Corroborating this is another study which found that an overwhelming percentage (83.7 per cent) of beneficiaries of old-age pension reported that access to such cash transfer programmes had made them self-confident, while 80 per cent reported that it developed their sense of being ‘self-reliant’ (Upriety 2011). More precisely, according to the HelpAge study, the elderly perceived that receiving the pension had contributed towards improving their relationships with other family members and in the way that the community treated them—for instance, local shopkeepers were more willing to provide them with credit for purchases (HelpAge International 2009). Likewise, a number of beneficiaries of the child grant emphasized that having access to the grant has enabled them to access informal loans or credit, particularly amongst women who often have no other forms of wealth that can be used as collateral for a loan (Babajanian, Hagen-Zanker

and Holmes 2014). Equally important is the fact that social protection programmes are appreciated as evidence of the state's recognition of its vulnerable population and concern for them, thus legitimizing state authority (KC et al 2014).

**Table 3: Summary Statistics for Select Cash Transfer Programmes (2010–2011)**

	Old-age Pension	Widow Pension	Endangered Ethnicities Allowance	Disability Benefits
Number receiving benefit (NPR '000)	717.4	207.7	14.2	25.6
Officially registered (NPR '000)	792.5	319.8	19.7	23.1
Difference between enrolled and observed beneficiaries	75.1*	112.1*	5.5	–2.5
<i>Leakage Rate</i>	<i>9.5*</i>	<i>35.1*</i>	<i>28.0</i>	<i>–11.0</i>
Average annual benefit (NPR)	5,669	5,796	5,561	4,423
Official entitlement (NPR)	6,000	6,000	12,000	9,504

Source: World Bank (2014).

\* Significant difference at 95 per cent confidence level.

### ***Explaining the Limited Impact of Social Protection Programmes***

There are several factors that help explain the limited impact social protection programmes have in terms of reducing poverty and enhancing the welfare and well-being of its beneficiaries. The first set of concerns relate to governance and accountability factors. A comparison between the number of people receiving benefits (as reported in the NLSS III) and the officially enrolled beneficiaries shows that approximately 35 per cent of the officially registered beneficiaries for widow pensions and 10 per cent for old-age pension do not actually receive the said payments (see Table 3). Budget-wise, this amounts to households receiving only NPR 5.8 billion from four different types of social protection benefits (namely, old-age pension, widow pension, disability allowance and endangered ethnicities allowance) against the official budget allocation of NPR 6.8 billion, suggesting a leakage somewhere of 16 per cent. The total number of persons

receiving widow pension and old-age pension scheme varies in Tables 3 and 4. These are the figures included in the World Bank report cited, and could not be verified by the Ministry of Federal Affairs and Local Development (MoFALD) at the time of writing this report.

To further explain the leakages, a study conducted on old-age pension in Rolpa noted irregularities such as the inability of the government to distribute the allowance every month in remote areas along with monetary constraints and travel time required to travel to the local government office (i.e., Village Development Committee [VDC] office) in order to collect the allowance were among the major hurdles identified (KC et al 2014). Admittedly, concerns relating to corruption, clientelism and mismanagement of public funds are issues requiring systemic changes as well as long-term policy engagement, which might be beyond the scope of social protection programmes, but they do have a bearing on the impact of such protection programmes though they are not exclusive to them.

Second, as mentioned earlier, the existing social protection programmes in Nepal, barring the recent initiative in 25 districts for poverty targeting using means testing, have used either categorical and/or geographical targeting methods. Hence, their impact on poverty is not explicitly intended, at least in the conceptualization and design of these programmes as a form of intervention for poverty alleviation (World Bank 2011a). But, a related factor that might also explain the limited impact is the low transfer amount. For instance, the total amount for widow allowance and old-age allowance is NPR 500 (USD 5) per month for each which is hardly sufficient to make a dent on poverty levels (ISSA 2010; see also Babajanian et al 2014). Furthermore, another study conducted in the Karnali region found that the child grant in Nepal is too small (equivalent to 13 per cent of the poverty line or the cost of one chicken) to enhance household food security or poverty levels in a substantial manner. The limited impact is also layered by the fact that most households in the region experience multiple deprivations (Babajanian et al 2014).

The third set of factors that explain the weak linkage between social protection programmes and poverty and inequality are related to under coverage and inclusion errors in existing programmes. An analysis of the old-age pension and the widow allowance indicates that approximately a

third of the households with an eligible beneficiary did not receive the said benefits during the reference year (see Table 4). Similarly, the safer motherhood maternity incentive scheme is reported to have disproportionately reached wealthier families, as such families are more likely to use the health facilities. Indeed, Powell- Jackson and Wolfe (2008) report that the wealthiest 20 per cent of women received 60 per cent of the cash benefits, reflecting the fact that women who use government maternity services are disproportionately wealthier. To explain the undercoverage and inclusion errors, Holmes and Upadhyaya (2009, p. 11) further point out:

Part of the reason that the coverage of cash transfers is so low is because of the targeting approach taken to cash transfer programming in the form of social categorical targeting renders many of the poor ineligible to receive transfers. While categorical targeting by social group tends to disproportionately benefit the non-poor, they are politically accepted by the government.

**Table 4: Undercoverage and Inclusion Errors**

	Old-age Pension	Widow Pension	Endangered Ethnicities
Number eligible (NPR '000)	1,135.0	372.5	21.1
Of which receiving	705.2	201.1	9.1
Of which not receiving	429.8	171.4	12.0
Undercoverage rate	37.9	46.0	56.7
Ineligible receiving benefit (NPR '000)	12.2	6.6	5.0
Inclusion error rate (%)	1.7	3.2	35.5

Source: World Bank (2014).

\* Undercoverage rate is determined based on the proportion of eligible individuals not receiving the benefit. Disability benefit was excluded from the calculations because of the difficulties in determining eligibility from the household survey data.

Note: The total number of persons receiving widow pension and old-age pension scheme varies in Tables 3 and 4. These are the figures included in the World Bank report cited, and could not be verified by the Ministry of Federal Affairs and Local Development (MoFALD) at the time of writing this report.

**POLITICS OF SOCIAL PROTECTION**

As a prelude to concluding, this section of the article will discuss some of the ‘political’ factors that seem to be key in terms of understanding the politics of social protection in Nepal. Broadly speaking, the concept

of social protection is based on the notion of a ‘social contract’ between the state and its citizens. Central to this contract is the idea that a government should assume the final responsibility for ensuring that citizens do not fall below a certain level of poverty while also providing safety nets for households unable to meet these minimum levels. However, the evolution of social protection programmes in Nepal indicates that existing programmes are a result of political settlements between different governments that have come into power since 1990.

Specifically, with the advent of democracy in 1990, and particularly since the end of the conflict in 2006, the Nepali state has increasingly taken on the responsibility of financing the delivery of various social protection initiatives. The timing of such efforts indicate that this is partly in an attempt to strengthen efforts towards poverty reduction and hence address some of the root causes of the conflict that had engulfed the country since 1996. But, as a state that has only recently transitioned to democracy from absolute monarchy, there were also significant pressures to ‘construct a strong self-image, build legitimacy and—perhaps more cynically—secure popular support’ (Upreti et al 2012; see also Jones 2012). In particular, the fact that social protection has been framed by the government as an instrumental tool with multiple applications and objectives from public food provision through basic social services to overcoming social exclusion and other forms of inequalities means that not only is the conception of social protection in Nepal an ambitious agenda but the persistent efforts made by various governments on this front despite the limited evidence of impact also means that the ‘political positioning of social protection as panacea’ needs to be further examined (Koehler 2011; Sharma and Donini 2012; Upreti et al 2012).

As argued by Koehler (2014), while the increased attention to social protection can be interpreted as ‘an expression of government’s concern with poverty and social exclusion, and of its stated intention to improve living conditions and human development outcomes of the disadvantaged and oppressed majority of the population,’ factors such as competition between political parties and public pressure from civil society organizations and the larger politically interested community, cannot be discounted either. In particular, following the end of the conflict in 2006, there has been greater

pressure on the policymakers to respond to the displaced and other categories of conflict-affected people, increased awareness about rights amongst the populace, demographic transitions and the pressures contained therein, rural–urban differences in the standards of living, and poverty of the people that is more acute amongst the marginalized groups of society (Mathema 2012).

Likewise, the low transfer amount of the social assistance programmes also suggests that they are ‘populist’ measures that serve as ‘placebos to the people in lieu of genuine support and structural socio- economic transformation’ (Koehler 2014). In this regard, it is not surprising that each successive government in power in Nepal has either added new schemes or sought to redesign existing social protection programmes primarily to secure their vote banks. There is some evidence to back such an assumption. For instance, a study conducted by the Overseas Development Institute in 2014 indicates that 93 per cent of beneficiaries in Nepal feel that the introduction of the child grant is an indication that the government cares about their socio-economic situation (Babajanian et al 2014).

The 1990 Constitution of Nepal drafted under a multiparty democratic government had directed the state to pursue policies to ensure the education, health, social security and welfare of orphans, women, the aged and disabled or incapacitated persons. Accordingly, in 1995, a cash transfer programme was introduced by the left-of-centre Communist Party of Nepal–Unified Marxist–Leninist (UML)-led Government of Nepal for senior citizens (above 75), widows above 60 years, and people with disabilities. Likewise, the Interim Constitution of Nepal (2007) enacted at a time the ideals of a ‘New Nepal’ were being carved out, directed the state to extend social protection to marginalized people, including those without land and bonded labourers. It also initiated special temporary measures such as affirmative action in education, health, housing, employment and food security for marginalized people. Subsequently, in 2008, the Maoist-led government reduced the minimum age for receiving old-age allowance from 75 to 70 for all, and to 60 for Dalits and those from the Karnali region (World Bank 2014).

Evidently, social protection initiatives in Nepal are influenced more by populism and less by concrete evidence or fiscal calculations. Following the

relaxation of the eligibility criteria in 2008, the number of beneficiaries of cash transfer programmes increased from 572,342 in FY 2007–2008 to 978,752 in FY 2008–2009. Similarly, when the benefit amount for old-age pension was increased from NPR 200 in FY 2007–2008 to NPR 500 per month, the estimated fiscal impact of the combination of the increased enrolment and the higher benefit amount for old-age pension alone was in the order of NPR 2.4 billion, roughly a 170 per cent increase. As a result, between FY 2007–2008 and FY 2008–2009, the social protection expenditure of the MoFALD, the main government agency responsible for the cash transfer and in-kind transfer programmes, jumped from NPR 1.4 billion to 4.8 billion, or 0.17 to 0.49 per cent as a share of GDP (World Bank 2014).

## CONCLUSION

In conclusion, whether it is for political expediency or as a genuine effort to address poverty and inequality in the country, findings from various evaluations repeatedly point to the failures of the existing social protection programmes in Nepal to reduce poverty, inequality and vulnerability, which are further compounded by challenges of ‘governance’ (Kabeer 2009). On the one hand, such poor governance practices affect delivery of social protection programmes and the ability of beneficiary households to reap benefits from such support. On the other hand, poor governance also leads to negative perceptions about the government and the leadership involved in service delivery, thus undermining the very premise of these measures—to receive popular support various governments have been introducing/redefining the different social protection schemes.

The evidence cited in the article, and more importantly, the proportion of budget allocations earmarked for social protection in Nepal caters largely to formal sector workers and away from the large and growing pool of informal economy and informal sector workers, a phenomenon that is common across all South Asian countries (see also ILO 2004). Already, the rights-based discourses on social protection that consider social protection to be a right and an entitlement are increasingly gaining ground in Nepal. Such normative principles place significant onus on the state and its various actors to balance the demand-side with supply-side considerations. Moving forward, the present trends only underscore the importance of

widening the coverage—both in terms of depth as well as breadth—of social protection programmes/schemes. This would require first and foremost the need to recognize social protection as a policy imperative rather than a set of programmatic interventions.

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# Marginalisation, Vulnerability and Social Justice

## Critical Considerations for Social Protection

### NITI FOUNDATION

#### INTRODUCTION

The perennial challenges of marginalisation and vulnerability are created and perpetuated in society through complex relationships of structures, politics and powers. This discussion note outlines and analyses the conditions that have led to and continue to perpetuate marginalisation and vulnerability in Nepal. It further considers the role of political and legal systems in addressing marginalisation and vulnerability—particularly in the form of social protection strategy, policy, and programmes.

In light of Nepal's history of systemic social exclusion, the 2015 constitution seeks to redress the issue of political marginalisation by providing for political representation in government and creating institutional mechanisms for redressal of the grievances of ethnic minorities, Dalits, women, Madhesis, Muslims and geographically disadvantaged populations. These grievances include those caused by inherent and acquired vulnerability over time in a downward spiral of discrimination, poverty, disadvantage, and incapability. How the voices and choices of marginalised communities become part of the 'public' policy process of local, provincial, and federal governance structures is yet to be witnessed. While their participation and access to services is vital for the credible implementation of Nepal's new constitution, the evidence points to ongoing marginalisation driven by po-

litical disregard for inclusion in the entire state restructuring process. Persistence of marginalisation is likely to cause long-term instability if there is lack of substantive engagement between aggrieved groups and their governments for redressal of root causes of vulnerability.

Whereas social protection can help address certain kinds of vulnerability, there are other kinds of vulnerability that are novel or episodic or geopolitical. Nepal's perennial vulnerability to disaster, for example, is a difficult policy issue, as it magnifies other pre-existing vulnerabilities. Nepal's dependence on remittances, fossil fuel imports, a couple of major supply roads, and a single international airport are other vulnerabilities that have national security implications as well as direct costs to the public. The government has a significant capacity gap with regard to non-social protection-related vulnerabilities. There is a need to develop mechanisms (for example, security advisory bodies or commissions on energy security, supply security, and so on) to focus discussion, research, analysis, information dissemination, and technical expertise to address such vulnerabilities. Recently, the ruling coalition has called for forming an advisory committee under the prime minister for this purpose. However, even if such a committee were formed much remains to be done by government from a strategic policy perspective.

Social security and protection systems covering universal family benefits, social assistance, and social insurance are critical in alleviating poverty and enhancing people's living standards especially of the most vulnerable. It is now well appreciated that reducing poverty, containing inequality, and sustaining economic growth is not effective without strengthening labour and social institutions, and promoting pro-employment macroeconomic environments. In the past, Nepal has incorporated a few social protection elements in its developmental, social upliftment, and humanitarian relief programmes, but in a fragmented manner. Since the comprehensive peace accord of 2006, all political parties have committed to end the exclusion of marginalised groups from access to government services and to provide social protection to the poor and the vulnerable. As a result, each party introduced one or more populist programmes in the past decade, with some estimating the total number of such programmes to be close to seventy. Most common are versions of cash transfer programmes for the elderly,

women, and children, and these have helped close the poverty gap. However popular some of these might be, it is unclear how well integrated these are in government policy and development assistance planning. Critically, the cost to government of these protection programmes is also not clear. Given that the new constitution has enshrined 31 fundamental rights, there is need to rationalize previous social protection schemes against available government resources. Initial analyses to map these schemes are needed; followed by the development of a coherent social protection policy and related legal/regulatory framework, both of which are currently lacking.

This discussion note employs the lens of equality, equity and justice to develop a baseline perspective that can be used to understand the nature and politics of marginalisation and vulnerability in Nepal, and where gaps in the thinking around social protection exist. The discussion of marginalisation, vulnerability and social protection in Nepal provides a helpful framework to consider where public-focused policy expertise and strategic advice can be used to strengthen the processes of designing, implementing and monitoring Nepal's social protection policies and programmes. There is need for strategic advice to strengthen policies and programmes that are better integrated, resourced and implemented, especially for existing 'social-justice' schemes. Further, equality- and equity-based programmes need better design to more directly target root causes of vulnerability. Finally, interdisciplinary approaches are vital for integrating and sustaining social protection with other development initiatives.

## **BACKGROUND**

### ***Marginalisation***

Undergirding the issues of marginalisation, vulnerability and social protection is a broader philosophical framework of justice, equity and equality. A working definition of justice, for our purposes, is to understand justice as fairness (Rawls 2005); in other words, everyone in a society having equal access to opportunities as well as experiencing equal outcomes from those opportunities (Sen 1996). Achieving this goal requires more than treating all people equally (Stone 2002). Instead, it requires an understanding that societies are inequitable and that redressing this requires efforts targeted



at those who were born in less favourable conditions. Only then will society be able to achieve a state of fairness (Rawls 2005). This note will apply this lens of equity, equality and justice to the Nepali context; diagnosing the nature of marginalisation and vulnerability in the nation's history and providing a framework for scrutinizing how Nepal's social protection programmes and policies have addressed these conditions. Nepal's historical development has seen marginalisation weaved into the country's social, political and economic fabric (ADB 2010), entrenching inequality into the societal fabric. Lines of exclusion have been drawn across multiple vectors of identity; namely, caste, gender, sexuality, geography, age, among others. Since some groups in society are marginalised more than others, there is inequitable access to economic, social and political opportunities. This exclusion has governed and continues to govern public discourse, societal values and is still codified in parts of Nepal's laws, Constitution and Civil Codes.

Nepali society is patriarchal in its political representation, its core social values, and its economic structure (ADB 2010; Sijapati 2017). An example of this is the failure of the current government to put into practice its commitment to the minimum of 33 per cent of representatives being women at all levels of government. Instead, there remains gross underrepresentation of marginalised groups, with women a mere 17 per cent of the central decision-making committees of political parties (Shrestha 2018). Cultural beliefs in Nepal also reflect this exclusion, with Nepali society being generally patrilineal and having traditions and practices that reflect patriarchal values. Finally, there exists a significant gap between Nepali women and men with regard to access to economic opportunity. Women are typically concentrated in 'low-paying and less-productive jobs of low capital intensity' (ADB 2010, 12). Furthermore, a significant wage gap exists with average daily wages—101 NRS for women compared to 137 NRS for men (UNFPA 2007). This exclusion has contributed to inequitable circumstances in Nepali society, limiting the access that women have to opportunities of social and economic advancement (Sijapati 2017).

Social hierarchy and exclusion in Nepal also exist with respect to caste. Nepal's caste system has carried historical and religious significance millennia but was first codified by Jung Bahadur Rana in his 1854 Muluki Ain

(ADB 2010). The marginalisation of the lower castes, particularly Dalits, in social, economic and political life is prevalent in Nepal and has served to entrench inequity within the country's institutional framework. This has contributed to the Dalit population (13.6% according to the 2011 Census) scoring consistently lower than other castes on social wellbeing indicators (Sijapati 2017; Bhattachan, Sunar and Bhattachan 2009).

Such examples of marginalisation exist across many other domains and exacerbate inequitable living conditions for those who are excluded. For instance, the differences in political and economic power between urban and rural dwellers, the social and economic dependence of the elderly compared to youth, the experience of discrimination and oppression by Nepal's LGBT+ population, the greater economic and social mobility of able-bodied Nepalis compared to those with a disability, among others. Exclusion has often been understood as merely social marginalization. However, years of economic deprivation can also force groups into the margins of society. This note adopts this important lens, recognising that just as economic and social marginalisation are inextricably linked, gains in economic and social status often accompany each other.

People who intersect more than one marginalised identity marker experience the compounding effect of marginalisation. This is reflected, for example, in the average life expectancy of a Dalit woman being lower than that of women from other castes (Bishwakarma 2004). This compounding effect is important for framing our understanding of justice in Nepal, leading us to consider how initiatives that tackle exclusion can be directed to not just achieve equality but achieve equity.

Historically, there have been both formal and informal efforts to address marginalisation in Nepal. First and foremost, the government's legal and policy framework has undergone evolution to more effectively insert social justice into the institutional framework and public service ethos of Nepal. For example, the government began addressing gender discrimination and pursuing women's empowerment in the first five-year development plan in 1956. This framework has been continually developed on and culminated in a gender mainstreaming strategy that has been operating since the Ninth Five-Year Plan in 1997. This policymaking process has operated in response to the evolving legislative scaffolding upholding gender

equality in Nepal and now a range of social protection schemes targeting the marginalisation of women—such as affirmative action schemes and specific social assistance schemes—have been introduced. As with addressing gender exclusion, Nepal has introduced numerous legal changes to address caste-based marginalisation, beginning with the 1963 legal abolition of caste-based discrimination and continuing through targeted initiatives that particularly address the economic and social marginalisation of Dalits.

The Ministry for Women, Children and Social Welfare (MoWCSW) has provided, and continues to provide, the key institutional framework for addressing the country's social exclusion. Over the past few decades, various social protection policies and programmes have been implemented through MoWCSW (as well as subunits of other ministries) to institutionalise equity in Nepal's social and economic fabric. Nevertheless, though these ministries have been equipped with the authority, they often lack the institutional capacity and political backing to implement policies addressing social exclusion. Nepal's development history is littered with examples of this under-resourcing of institutional bodies that work on social justice issues. This raises questions about the seemingly tokenistic nature of successive governments' commitments to addressing inequality, a topic which is explored in depth later in this note.

Alongside policy changes, Nepal has ratified numerous international conventions and agreements which have driven the government's own legislative efforts to address discrimination along identity lines (Khanal 2012). For example, Nepal is a signatory of the 1976 International Covenant on Economic, Social and Cultural Rights, the 1976 International Covenant on Civil and Political Rights and the 1979 Convention on the Elimination of All Forms of Discrimination Against Women, among others. These international obligations have provided important accountability frameworks for the Nepali government in addressing social injustice.

Nepal's history of social, political and economic marginalisation is one condition that has led to widespread, multidimensional poverty in Nepal—characterised by deficits in wellbeing across all areas of life (Nepal's Multidimensional Poverty Index 2018). Poverty and inequality are closely linked, and countries that have high rates of poverty—like Nepal—typically face issues of inequality (Nolan and Marx 2009).

Despite the general decline in Nepal's incidence of multidimensional poverty (from 59% in 2006 to 39% in 2011 and 29% in 2014, National Planning Commission 2018), the issue has remained a pressing social and political concern. Extended periods of poverty are particularly threatening in that they lead to cycles of poverty. These vicious cycles are both caused by marginalisation but also engender further marginalisation, resulting in marginalisation and poverty becoming intertwined with society's systems. Addressing systemic poverty, therefore, poses a significant challenge to government and other stakeholders. Over its development history, despite poverty redressal being inserted into judicial and legislative practice, Nepal has lacked the institutional capacity and government mechanisms to effectively respond to its poverty epidemic (DFID 2013). Even with significant international support, policies and programmes have either been short-sighted, narrow minded or both, failing to target the issue at its roots or incorporate a multidimensional approach (Barrientos 2011).

### ***Vulnerability***

Systemic poverty that extends over a period of time becomes a key enabling condition for the proliferation of vulnerability (Barrientos 2011). For our purposes, vulnerability can be defined as the susceptibility to, capacity to adapt to, or inability to cope with adverse circumstances—particularly shocks. Vulnerability has a marked impact on inequality also, being an enabling condition that can magnify the incidences of inequality in society.

Poverty is one of many factors which impact the state of vulnerability for both Nepal's marginalised people groups and public administration systems. Comprehensive studies like the World Bank's Household Risk and Vulnerability Survey (which has entered its second of three rounds), along with other literature reveals that alongside poverty, natural disasters, political instability and the informal labour sector also have impact on vulnerability in Nepal.

Natural disasters are events which both reveal and augment vulnerability amongst already fragile populations and within public administration systems (Sijapati 2017). This is certainly the case for Nepal where the 2015 earthquakes were shocks that exposed and widened these cracks. A significant proportion of Nepal's marginalised groups, who were already vulnerable due

to systemic exclusion, were plunged into further vulnerability by the quakes after many lost houses, access to essential goods and services, and economic livelihoods. Furthermore, the Nepali government lacked both the capacity and organisational framework to carry out comprehensive relief and reconstruction. Nepal's centralized, unitary government of the time already lacked the local government system and capacity required to contain the effects of the disaster, particularly on Nepal's most vulnerable populations. Importantly, Nepal is perpetually susceptible to threats of future natural disasters (earthquakes because of the country's seismicity, and floods because of its fluvial geography), which amplifies the system's vulnerability.

Nepal's modern political history has been characterised by instability. Twenty-eight prime ministers in the same number of years, a decade long civil war and transition period have resulted in a vulnerable political system that has lacked robust governance to reduce the vulnerability of Nepal's citizens. This context has impacted the nature of transitional politics in Nepal, which can be categorized into two sets of factors, using Harris et al (2004): factors concerned with the demands of the populace and those concerned with the capacity of the government. In Nepal, despite there being increased political participation in the public realm, as well as strong organised politics through local-level interest groups, professional associations, social movements, and a decade-long insurgency, these grassroots political pressures have not been able to result in effective policies to address vulnerability. This is partly because the government has become increasingly incapable and rentier in nature (Varughese 2015), thus limiting the government's ability to listen to and address the demands of the people through policies that formally address vulnerabilities of various kinds. Furthermore, Nepal's political machinery is rudimentary in policy-related strategizing and decision making which causes indecision and incoherence in government function. This then drives ineffective state responses to address factors that lead to vulnerability and exacerbate the effects of natural disaster or civil unrest (Koehler 2011).

Recent decades have witnessed the proliferation of a largely unorganised and undocumented informal sector in Nepal. This has sprung off the back of declining agricultural productivity and lack of employment in the

manufacturing sector. It is mostly in the urban economy that Nepali workers (many with no or limited skills) make their living in the informal sector; working as street vendors, seasonal construction workers, household service workers and micro enterprising which constitutes some 90 per cent of Nepal labour force (Wagle 2015). Such employment provides much needed income to support families but conditions of informality surrounding such work tend to expose the workers to unexpected shocks and augment vulnerability. This is because the informality of the labour means that they lack access to social protection programmes. Apart from not having official protection and recognition, the informal sectors workers are not covered by minimum wage rules, support of trade unions, and so on. They often work on low wages and in precarious health and safety conditions.

The government has failed to promote pro-employment macro-economic strategies or allocate the budget for social protection targeting informal workers, forcing people to opt for foreign employment (Sijapati 2017; Kabeer 2009). The conditions for the nearly 3 million migrant workers are even more precarious. Not only are the migrant workers susceptible to potential trafficking and exploitation but also are without proper legal recourse (Badal 2005). They often work in extreme working conditions and overwork without pay is widespread. Corrupt practices of officials at home and abroad have added to their vulnerable conditions. In addition, their family members who remain— particularly elderly, women and children—face social and economic hardship. This is particularly the case in Nepal where demographic shifts are leading to larger proportions of elderly and child populations, presenting increasingly challenging circumstances. In addition to family members being left isolated as well as changing demographics, the transformation of Nepal's family structures has augmented the experiences of vulnerability for marginalised individuals. Historically, families in Nepal were extended in structure, they then progressed towards being joint and now nuclear families are commonplace. This change has weakened the systems and structures that were reinforced to protect the senior citizens within the family. In this scenario, where the state is not ready to compensate for the changes through public policy measures, these citizens are bound to be acutely vulnerable.

In addition to the informal sector, significant sections of Nepal's formal

labour sector are also left vulnerable as a result of public policy failure. The rationalisation of wages, issues surrounding equity of pay, workers' compensation and disability benefits, among others, all contribute to experiences of vulnerability by those in Nepal's formal labour sector.

There are significant interlinkages between how poverty, natural disasters, political instability, informal economic engagement and social exclusion lead to vulnerability in Nepal. As such, the overlapping of these factors leads to further marginalisation of already vulnerable groups (Sijapati 2017). In this way there is a positive feedback relationship between marginalisation and vulnerability in that each augments the other, further expanding the incidence of inequality in Nepali society. This multidimensional nature of vulnerability requires an overarching, interdisciplinary framework for policy coherence across branches of government and coordination of state actions for social justice.

### ***Political Economy of Social Protection***

The challenges of vulnerability, marginalisation and social injustice can be tackled through a range of formal and informal strategies and policy instruments. One key policy instrument Nepal has used to address this injustice is through social protection programmes. Over the last few decades, the government has introduced a varied portfolio of social protection programmes which reflect the political imperative to address social injustice in Nepal. This political adoption of social protection mirrors broader trends that once regarded social protections as only reserved for developed countries but now see them as beneficial for developing countries as well (Gill and Raiser 2012; Sijapati 2017).

This theoretical shift has been mirrored in Nepal's own trajectory of transformational politics. The revolutionary movements, restructuring of government, and changing of legal and constitutional frameworks that have characterised Nepal's modern history have had significant impact on the country's approach to social injustice. There is ample evidence from case studies of developing countries that the agenda and priorities of differing political and social forces 'play significant roles generating transformative politics leading to more equity-based and egalitarian societies' (Harris et al 2004; Esping-Andersen 1985; Stokke and Törnquist 2013).

In the Nepali context this has engendered a scenario where all major political parties now recognise the political worth of inserting social protection elements into public policy rhetoric and in limited practice. This is evidenced by each major party having social protection commitments in their manifestos and a history of introducing one or more populist programmes each time they form government to make clear their attentiveness to the people's social justice priorities (surfaced by social and political interest groups and movements). The political parties represent important 'constellations of power' in Nepal's development history and have consequently shaped the landscape of social protection public policy significantly (Huber and Stephens 2001). While the incorporation of social protection elements in public policy have political provenance in Nepal, there is certainly now a more general appreciation than before for the positive impact that social protection schemes can have on a country's development process. Despite this, the weak institutional capacity of government bodies has meant that Nepal's social protection policies and programmes have been significantly limited. As a result, government has only occasionally been able to adequately address the demands for justice and fairness raised by myriad social movements and interest groups.

At their most basic, social protection schemes come in the form of economic capacity building through strategies that increase labour market participation and promote macroeconomic growth. A more holistic and nuanced social protection strategy is one which seeks to redress issues of precarity and social exclusion by promoting individual choice and opportunity in social, political, and economic engagement (Wagle 2015). This latter strategy acknowledges the importance of increased and more efficient market engagement, however more than this, it sees 'a decent living standard as an entitlement of citizens and social protection as a core responsibility of the state' (Wagle 2015, 96).

Unlike the haphazard way in which Nepal's public policy and implementation regarding social protection has evolved, the legal framework is comparatively robust. In its modern development history, Nepal's lawmakers have sought to embed laws that redress the issues of marginalisation and vulnerability throughout the Acts and Civil Codes of the country's legal fabric.



Most importantly, Nepal's new constitution specifies 'social justice' as a key tenet guiding all governmental action going forward. As the supreme law of the land this document represents the culmination of decades of social justice thinking, movements, struggles and negotiations among different socio-political sections in Nepali society. Significantly, it reflects an intuitive awareness of the state of social exclusion in Nepal and provides an overarching institutional framework to redress this. The underlying ethos of commitment to social justice is established in the constitution preamble and echoed in the set of Fundamental Rights and in the directive principles, policies and obligations of the state. In this way, the Constitution authenticates the idea that social protection represents a 'social contract' between state and people (Sijapati 2017) and, furthermore, acts as an important constellation of power for driving social policy in Nepal (Huber and Stephens 2001).

Notably, the constitution established social justice and prosperity as core constitutional values that could potentially alter structured inequalities and power relations favourably and improve the situation for the poor and marginalised in Nepal. A key step to achieve this was through the restructuring of the formal governance system—replacing a unitary centralised government with a federal one — all with a transformative ambition to create a new state-citizen relationship that is better organized in service to the poor, marginalised, and vulnerable, at least in formalised terms.

According to the constitution, the relationships between the three types of government are not hierarchical, but instead are related on the principles of 'co-existence, cooperation, and coordination' (Article 232, 2015 Constitution). The years since the promulgation of the Constitution have been characterised by the Nepali government fumbling to work out what good governance and intra-government coexistence looks like, both formally and informally. Shifting from a unitary to federal system of government, not just in theory but also practice, has proved particularly challenging for Nepal's political parties. Each type of government enjoys constitutionally mandated exclusive powers (able to be exercised independently) as well as shares concurrent rights for many important public goods and services. However, it is well evident that government across Nepal is struggling to share rule (Varughese 2018).

Consequently, the cooperation and coordination required among types of government with respect to redressing vulnerability and marginalisation is yet to be realised. Considerable work remains to be done to enable all three types of government to understand their particular roles and responsibilities in achieving the constitutional mandate of social justice for all Nepalis.

Each level of government is constitutionally mandated to introduce policies that guarantee social protection to the people as per Schedules 59 of the Constitution. However, the federal government has a key responsibility for this since ‘Insurance policies, securities, cooperatives regulation’ and ‘Social security and poverty alleviation’ come under the federal power provisions.

Achieving the social protections linked with the 31 fundamental rights is an area which the current government is currently struggling to provide leadership (Sapkota 2018). In the typical way that policy making has worked in Nepal over the past decades, the government is hurriedly conducting last-minute drafting of bills related to the provision of the 31 fundamental rights in order to meet the constitutionally mandated deadline of September 18, 2018. It is yet to be seen whether what is rushed through parliament in the coming month will be clear, comprehensive and, most importantly, show care for constitutional provisions. The bills will likely require extensive revision to meet these provisions and eventually result in policies that effectively redress the marginalisation and vulnerability experienced in Nepal.

Until now, Nepal’s social protection schemes have come in the forms of social assistance, social insurance and labour market regulation (Barrientos 2011) policies and have helped redress the vulnerability experienced by some of the most marginalised groups in Nepali society (Wagle 2015). Nepal currently spends about 3 per cent of its GDP on social protection and the programmes directly benefit over 7.6 million individuals (of Nepal’s approx. 27 million) (Khanal 2014).

Though predominantly fiscally budgeted, many bilateral and multilateral bodies have also directed support at Nepal’s social protection initiatives, partnering with the government in both the design and implementation of schemes to ensure adequate capacity.

Despite Nepal having a wide range of social protection initiatives, a closer look at public spending shows that about 60 per cent of the social protection budget is used by social insurance programmes, primarily consisting of public sector pensions. Social assistance schemes also make up a significant proportion, 37 per cent and finally, Nepal's still underdeveloped labour market policies only make up 2.5 per cent of total expenditure. The allocations of this spending are pictorially represented in Figure 1 below.

From an international development commitment perspective, Nepal's social protection measures can benefit from benchmarking against the UN's Sustainable Development Goal agenda, which prioritises and recognises social security/protection, poverty alleviation, sustainable economic growth and employment growth as well as many issues related to labour standards, rights and participation and inclusion. Such benchmarking could productively inform in-country stakeholder discussions on marginalisation, vulnerability and social protection in Nepal.

## **A FRAMEWORK FOR ASSESSING EFFECTIVENESS**

The variation in Nepal's social protection policies and programmes reflects different strategies for targeting vulnerable populations. A helpful way to assess the effectiveness of these differing initiatives in bringing about social justice is to apply the lens of equality, equity and justice to the programmes. This lens will enable us to identify the strengths and weaknesses of these programmes, providing the essential framework to begin a discussion on how social protection can be innovatively targeted in the future.

### ***Equality-Based Approach***

Social protection programmes that may be considered 'equality' schemes are ones which provide blanket protections or security to the whole population. Undergirding equality-based schemes is the assumption of universal citizenship; that all people are alike and have the same needs. This assumption of homogeneity eclipses group differences, ignoring the fact that in any society (Nepal included) some groups experience more severe forms of marginalisation than others.

The best examples of equality-based initiatives in Nepal are many of the

labour market regulations. These most basic forms of social protections regulate working conditions, occupational safety, worker rights, and minimum wages. These macro economy-focused initiatives have been significantly supported in the past through multilateral funders like the World Bank and the Asian Development Bank—and have focused on social protection through economic growth and increased access to labour markets (Wagle 2015). Aside from typical labour market regulation initiatives, Nepal also has universal health insurance schemes, crop and livestock schemes, free basic health care, free basic education, among others (Sijapati 2017).

Equality-based approaches like these are an important baseline in any country's attempt to alleviate poverty, however they fail to address the varying degrees of vulnerability in a given population. An example of this in the Nepali context is the safer motherhood maternity incentive scheme which, because of its blanket approach, is reported to have disproportionately reached wealthier families. The Powell, Jackson, and Wolfe report (2008) noted that the wealthiest 20 per cent of women received 60 per cent of the cash, this was due to the differences in which populations access government health facilities (Sijapati 2017). As a result, the scheme did very little to address the augmented vulnerability of the poorer women, revealing the boundary in the effectiveness of equality-based schemes.

Broad policies and programmes like this are easy to administer and lack bureaucratic complexity and therefore are typical baseline policies for many governments, particularly those lacking institutional capacity like Nepal. Nevertheless, these broad brushstroke approaches fail to recognise the compounding effects of social exclusion and its effects on social justice.

### ***Minimum Wage***

One of Nepal's first social protection schemes was an equality-based minimum wage labour market regulation scheme. Introduced in 1992, this initiative forms an important foundation to social protection in Nepal—offering blanket protection to workers in the formal labour market in the form of an economic safety net. The minimum wage value in Nepal is under constant revision, recently being raised from NPR 9,700 per month to NPR 13,450 per month for domestic labourers (Khanal and Shah 2018). Some key limitations in Nepal's minimum wage programme is that it is not globally competitive

and that it does not provide economic guarantees to the informal labour force. These factors significantly undermine its effectiveness and drastically limit its scope in addressing vulnerability and inequality in Nepal.

### ***Equity-Based Approach***

Nepal's history of social protection programmes also includes schemes that adopt an 'equity-based' approach. In other words, these schemes recognise varying degrees of vulnerability and, consequently, there is more impetus to alleviate poverty in certain populations compared to others. Contrary to equality-based schemes, the concept of group- differentiated citizenship buttresses equity-based social protections. This notion differs from the idea of universal citizenship, instead acknowledging that differences in vulnerabilities between individuals warrants different responses. Importantly, there is resistance amongst scholars to posit these types of citizenship in mutual opposition, doing so presents 'a false dichotomy in a complex and diverse world' (Jayal 2013, 16). Consequently, a mixture of both equality-based (targeting universal citizenship) and equity-based (targeting group-differentiated citizenship) are important in any country's social protection portfolio.

Nepal's social assistance and insurance programmes are predominantly equity-based schemes, targeting Nepal's most vulnerable people groups through old-age pensions, single woman's pensions, the child grant, and disability grant, among others (Wagle 2015). A similar equity focus is present in the scholarship and midday meal programmes. The country's scholarship programmes have been particularly successful in only targeting the poorest quintiles of the population, thus effectively targeting the most vulnerable groups (Sijapati 2017). These cash transfer programmes enjoy the lion's share of social assistance funding (USD 150 million or 0.7 per cent of total GDP of the total 0.9 per cent GDP for social assistance (WB and ILO 2016). This funding reflects the government priority for these equity-based strategies in its broader social protection plan. Targeted social protection schemes benefit from more intuitive and refined policy design and therefore direct government resources and redress problems of social and economic vulnerability more efficiently. It is worth looking at a few of these schemes in more depth to analyse how they have sought to achieve equity.

### **Disability Grant**

Nepal's disability grant was first introduced in 1996 and is a major approach to achieve equity of opportunity and outcome for those living with a disability in Nepal. The goal of the grant is to ensure its recipients greater economic independence and social inclusion. The grant value varies depending upon the severity of the disability and money is allocated varying across four categories of severity. Since Nepal's population of people with disabilities is one of the country's most vulnerable groups (ADB 2010), there is decided need for strategic and targeted strategies seeking to redress their experience of social exclusion.

Analyses of the effectiveness of the disability grant programme highlight two key areas where the programme can be improved (Holmes et al 2018). Firstly, there needs to be less bureaucracy in applying for and receiving the grant. Specifically, improving awareness about eligibility for disability card, improving the avenues to access the card and increasing technical skills capacity to streamline disability assessment process. These limitations can be boiled down to the scheme being under-resourced to effectively redress the vulnerability experienced by people with disabilities.

Secondly, the grant needs to be coordinated with other social protection initiatives and incorporated into a broader, mutually beneficial framework (Holmes et al 2018). This would mean initiatives are both better resourced and able to address vulnerabilities in a more targeted manner. The need for greater integration of social protection schemes will articulated in more length below as it elevates and 'equity-based' scheme to more of a 'justice-based' scheme.

### **Child Grant**

One of the Nepali government's key social assistance schemes is the Child Grant—a programme introduced in 2010 targeting malnutrition in children under five. This programme adopts an equity-based approach, recognising increased vulnerability in certain populations over others and targets those accordingly. This programme has seen some levels of success in reducing the vulnerability of those it reaches, so much so that the government has again announced an expansion to the grant budget in the 2018/2019 budget speech. However, the grant also has significant limitations.

Firstly, the transfer levels are too modest. Despite contributing to expenditure on everyday items, it has failed to significantly impact household expenditure and economic wellbeing (Hagen-Zanker and Mallett 2015). This reflects the observation above that Nepal's social protection initiatives lack adequate resourcing to effectively combat social and economic vulnerability.

Secondly, there is a significant gap between the policy outlined at the central level and how it is locally operationalised (Hagen-Zanker and Mallett 2015). Despite an established policy framework, barriers exist for the most vulnerable accessing the grant resulting from administrative complexities, inadequate resources and poor information dissemination. This chasm between policy aspirations and implementation is a challenge that has plagued many of Nepal's social protection schemes, a limitation which has been well understood for sometime in the country's development space (Koehler 2011; Wagle 2015; Khanal 2012; UNICEF 2016).

Thirdly, the wealth-targeting criterion of the Child Grant provides added administrative complexity for local officials who are already stretched (Hagen-Zanker and Mallett 2015). This adds nuance to the pros and cons of the equity-based vs. equality-based approach. In some situations, the Child Grant included, the benefits of ease of distribution and lack of bureaucracy in universal grants is favourable. Despite resources not being targeted toward those who most require it, the result is greater access to social protection and reduced impacts of vulnerability. This illuminates the fact that the best social protection frameworks are ones which incorporate all three approaches to social protection, implementing them according to need.

### ***Justice-Based Approach***

The final category of social protection strategy which this note will discuss, and ultimately endorse, is 'justice-based' social protection. Justice-based schemes extend beyond equality- and equity-based approaches by seeking to uproot the causes of inequality itself, instead of merely employing strategies to help groups overcome the barriers. In other words, where equity and equality programmes are more band-aid solutions, justice-approaches seek to heal the social wound itself. Practically this looks like developing

policy frameworks and programmes that target the causes of societal injustice itself. Importantly, the legal scaffolding backstopping Nepal's social protections often adopt this justice-based approach. For example, the Poverty Alleviation Fund Act, 2063 (2006) aims to identify the root causes of poverty and targets approaches to lift vulnerable populations from this state. The most effective social protection portfolios are those which incorporate both traditional equality- or equity-based approaches as well as include other development activities that tackle vulnerability more broadly, like strengthening governance and infrastructure. For the Nepali context (where systemic vulnerability is impacted by poverty, political instability, informal labour and natural disasters) multi-dimensional and strategic social protection policies are needed. Though there is comprehensive legal undergirding, there remains a decided gap in Nepal's current social protection framework with respect to implemented well-designed, justice-based programmes that tackle the underlying conditions that cause vulnerability.

### ***Social Protection Framework for Nepal***

Despite this, the Social Protection Framework of Nepal (NFSP) provides hopeful example of a more integrated approach to achieving social justice. Recognising that coordinated implementation of a number of social protection programmes is lacking by government agencies, the Nepali Government sought to implement 'a well-articulated framework and strategy...for running an effective and efficient social protection system [that has] regulatory, oversight, and delivery capacities' (ADB 2014, 1). Thus, in 2010, the National Planning Commission, with technical assistance from the Asian Development Bank (ADB), developed the NFSP. This framework was the first of its kind, mapping out all Nepal's social protection programmes, 'looking at their overall objectives, initiating a review of their achievements, and assessing the delivery mechanisms currently employed' (ADB 2014, 2). This strategy provides an example of an integrated social protection scheme. The ILO is in a 10-year process of evaluating the effectiveness of the framework the results of which will be telling. Nevertheless, it provides a guideline for the direction for social protection schemes to pursue to achieve social justice.



### **Shock Responsive Social Protection**

Shock Responsive Social Protection (SRSP) is an important justice-based approach to vulnerability which seeks to both support people through shocks as well as help mitigate their susceptibility to covariate shocks (which often occur concurrently). The quality of a SRSP system being able to respond flexibly in response to a shock is an important attribute for weaving resilience and a social justice into broader administrative and institutional structures.

Nepal has been the recipient of a recent DFID-funded SRSP initiative led by UNICEF which builds into the broader global SRSP framework pioneered by the Oxford Policy Management. The programme was an Emergency Cash Transfer Programme that sought to integrate into broader SRSP work and thus address underlying injustice issues. The cash transfer itself came in two phases, first 3000 NPR and then 4000 NPR and leveraged the government's existing social assistance registers to carry out an equity-based approach to target the people who had likely been left most vulnerable after the 2015 earthquakes.

What makes this programme significant is that it was formally incorporated into the government's NFSP which gives an otherwise isolated transfer programme an integrated dimension. This equips the social protection system to better scale up in response to shocks Nepal experiences.

### **LIMITATIONS OF SOCIAL PROTECTION SCHEMES**

As is revealed in the above case study discussions, the design, implementation and monitoring of social protection programmes can be particularly challenging, specifically for developing and politically unstable states (Wagle 2015). There is only a limited number of rigorous evaluations of the impact of social protection programmes in Nepal, either through using primary data or secondary information (Sijapati 2017). Some schemes seem to have had a significant impact in reducing poverty and vulnerability, for example the old-age allowance 'is estimated to have reduced the poverty rate by 20 per cent and the poverty gap for the group by 35 per cent when compared to a situation without the cash transfers' (Sijapati 2017, 28). From this limited research however, it is clear that there are many shortcomings in Nepal's social protection schemes. For example, Nepal's social protection

efforts targeting poverty reduction have had a very limited effect (Sijapati 2017). This note will identify three overarching areas where the initiatives fail and thus fail to address marginalisation and vulnerability: poor resourcing, poor implementation and poor integration of strategies.

### **Poor Resourcing**

Multiple reports analysing the effectiveness of Nepal's social protection schemes reveal that an overarching limitation with Nepal's social protection framework is that the schemes are poorly resourced (Barrientos 2011; Koehler 2011; Wagle 2015; Sijapati 2017). The country's social protection portfolio has been fully tax financed and fiscally budgeted however, this has not been sufficient to provide adequate social protections to Nepal's vulnerable populations. For example, the coverage and benefits of individual schemes are particularly low, approximately 200-500 NPR per month (Sijapati 2017). This minimal value is insufficient to make a dent on the poverty experienced in Nepal, consider for example, the child grant in the Karnali region, where the 200 NPR per child per month has been unable to enhance household food security and poverty levels in any significant manner (Babajanian et al 2014). This poor-resourcing has been found to limit the effectiveness of other programmes like the Karnali Employment Programme and the old-age and widow pensions (Sijapati 2017). The International Labour Organisation indicated that the predicted cost of a basic social protection package for 2010 in Nepal would be about 7 per cent of GDP (Wagle 2015), the absence of impetus by the government to meet this target raises questions about the tokenism of social protection schemes in Nepal. Indeed, due to the low transfer amounts of social assistance schemes in particular, they have been called 'populist' measures that serve as 'placebos to the people in lieu of genuine support and structural socioeconomic transformation' (Koehler 2014). Ultimately the poor resourcing of Nepal's social protection portfolio leads to a lack of capacity and inefficient and ineffective processes in policy implementation. Consequently, the ultimate goals of social protection, to address root issues of inequality and injustice are not realised.

### **Poor Implementation**

Equally important to the politics of introducing social protection policy measures is understanding the politics of implementation of social protection schemes. There is a chasm within Nepal's social protection initiatives between policy aspirations and policy implementation (Koehler 2011; Wagle 2015; Khanal 2012; UNICEF 2016; Sijapati 2017). Implementation is contingent on effective state functioning and adequate public administration capacity—qualities which Nepal's political and economic mechanisms have lacked and continue to lack. This poor implementation is reflected in the fact that only 26 per cent of households in Nepal participate in at least one safety net programme (World Bank 2011). Recall that Nepal's multi-dimensional poverty rate was still at approximately 39 per cent when that survey was carried out, illuminating the significant gap in those in need of programmes and those who receive them (Nepal's Multidimensional Poverty Index 2018). This is particularly the case for already marginalised groups, existing data indicates that Dalits—for example—have lower coverage rates than other castes (Sijapati 2017). One reason for this poor implementation is that the current design and cash delivery mechanisms of many cash transfer programmes is lacking, which results in the schemes having little impact. This poor design is revealed after crunching the numbers for Nepal's cash transfer programmes: 35 per cent of the officially enrolled beneficiaries for the widow pension and 10 per cent for the old-age pension do not receive the payments they are entitled to. Budget-wise, 'this amounts to households receiving only NPR 5.8 billion from four different types of social protection benefits (namely, old-age pension, widow pension, disability allowance and endangered ethnicities allowance) against the official budget allocation of NPR 6.8 billion, suggesting a leakage somewhere of 16 per cent' (Sijapati 2017, 29). Poor policy implementation has therefore contributed to the perpetuation of circumstances of vulnerability and marginalisation in Nepal.

### **Poor Integration**

As noted in the case study discussions above, there is a significant lack of integration in Nepal's social protection schemes (Hagen-Zanker and Mallett

2015; Koehler 2011). Though most of the laws are justice-based in approach, they provision different legal arrangements. In the absence of a unifying framework, programmes that are subsequently implemented are fragmented and isolated with significant gaps in the achievement of outcomes. Further, because these programmes adopt a primarily equality- and equity-based implementation structure, they fail to address the multidimensionality of poverty and vulnerability. Consequently, many of Nepal's most vulnerable populations slip through the cracks that have appeared between these schemes. Nepal's separate laws provisioning separate legal and institutional arrangements, with low levels of coordination (both horizontally and vertically), expose the critical need for a whole-of-government framework that enable integrated design and implementation of social protection policies.

## **WHAT NEXT?**

This note has provided a brief glimpse into Nepal's history of vulnerability and marginalisation and has analysed the country's social protection efforts using a framework to begin thinking about how strategic assistance can be offered in Nepal's social security and protection policy space. The equality, equity and social justice lens used by the framework has illuminated some of the existing gaps in Nepal's efforts to address vulnerability and marginalisation and has revealed where expertise and advice can potentially be employed to strengthen schemes that are better integrated, resourced, and implemented.

Specifically, opportunities may lie in deploying interdisciplinary approaches to social security and protection in Nepal, incorporating social protection into broader policy work on state restructuring for subnational governance, public security, infrastructure investment and displacement, and rule of law. Working across these performance- critical sectors will engender innovative and nuanced solutions to help social protection in Nepal evolve from equality- and equity- based solutions to justice-based solutions. This politically-nuanced approach will also increase the chances that Nepal's social protection initiatives will take better account of the broader issues of vulnerability and marginalisation and, in turn, provide a more just society for all Nepalis.

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## Chapter 3

# From State Charity to Citizen's Rights

## Exploring the Contours of Nepal's Social Security

**Lokranjan Parajuli**

### INTRODUCTION

Since the mid-1990s in particular, Nepal has introduced a number of 'social security' measures—from social allowance to rural employment schemes to child grants to scholarship programmes—targeting 'disadvantaged sections' of the society. While some of these programmes are very recent, others are somewhat older. Over the years, not only has the number of programmes increased, the scope and coverage of such programmes have also expanded, resulting in an increased financial contribution of the State into the sector.<sup>1</sup> The aim of this paper is to look at the evolution of the ever-expanding formal social security<sup>2</sup> programmes in Nepal to understand the socio-political contexts under which these programmes have evolved and how the State has viewed social security by tracing the expansion of this sector through plan and policy documents of the post-1990 period.

This paper argues that while the idea of 'human development' through social security is a recent one in Nepal, the genesis of the idea of providing some form of social security has a rather long history. The social security

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<sup>1</sup> According to one estimate, the social security programmes together cover half of the population (Khanal 2013: 40) and more than 11 per cent of the annual budget of the government is now spent on such programmes (NPC 2020).

<sup>2</sup> Social security is provided informally, semi-formally, and formally. Informal (based on family, kinship and friends) social security has been provided (in the face of adverse conditions) since time immemorial and is still prevalent in societies across the world, and there also exists semi-formal arrangements which are based on voluntary or membership associations, civil society organisations, etc. In the present paper only the State-operated formal social security measures are taken into consideration for the analysis.



programme that was confined to state officials has been expanded in recent decades. Over the years, the country has moved from reward and control to charity and egalitarianism. The pre-1990 era social security was dominated by the idea of control, but in the post-1990 period we see a different approach. The idea of 'charity' became central in the latter period, and we also see a degree of 'populism'. Social security has now found mention in the fundamental rights section of the 2015 constitution, but in practice it is not seen as a right and more as an instrument or means to unleash the human potential.

Despite ad hocism that exists in the social security sector, once instituted, some of these programmes (particularly social allowance/pension programmes) are less likely to be withdrawn due to their political ramifications. Even if a party ideologically disapproved such schemes, it would not dare do away with these programmes, as has happened in the West.<sup>3</sup> Instead, in a competitive electoral set up, the political parties may even opt or compete for 'populist' measures by adding on and extending the existing programmes.<sup>4</sup> In a sense, one can also argue that regular popular elections (or the prospect of such elections) have resulted in expanded social security schemes over the years.

This paper also argues that the social security schemes could and should be expanded to cover all the citizens of the country in all four stages of lifecycle (infant/children/adult/elderly), and at the same time, be more socially just and equitable.<sup>5</sup> The issue of 'equity' is important to consider in

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<sup>3</sup> For example, in the UK, the Conservative Party opposes and has in the past opposed social security programmes but has failed to withdraw them for various reasons (Morris 1994).

<sup>4</sup> The opposition parties may oppose introduction of such populist programmes in the beginning. They would rather want to rename or tweak such programmes and take credit. For example, in India, the BJP indirectly opposed the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) introduced by the Congress Party for various reasons but never for serving the unemployed. After coming to power in 2014, the BJP government proposed amendments to the MGNREGA. Concerned about what that might entail, 28 development economists from India and abroad wrote an open letter to the Prime Minister Narendra Modi seeking assurances against any possible dilution or restriction of the provisions of the job scheme. For the letter and related news, see <http://southasia.oneworld.net/news/economists-petition-indian-pm-against-mgnrega-dilution#.VE5C6GPlvIU>.

<sup>5</sup> While equality is concerned with one item being the same magnitude as another, equity has to do with fairness and impartiality in some form. The equality of

devising social security schemes in the case of Nepal because of the diversity, disparity and hierarchy that exists along the lines of region, gender and caste/ethnicity. Universal programmes ('equality' based) are likely to mask the inter- and intra-group variations, which will result in favouring the already favoured group—the rich and the 'upper castes'.

This paper first engages with some relevant literature before moving on to the different historical periods to locate the genesis and evolutionary process of such programmes in Nepal. It then looks at the most recent constitutional/legal provisions and policy documents to explore the direction of such programmes before ending with a brief conclusion.

## **SOCIAL SECURITY AND CITIZEN'S RIGHTS**

Following Dreze and Sen (1989), social security, defined broadly, is seen here 'essentially as an *objective* pursued through *public means* rather than as a narrowly defined set of particular strategies' (15; italics in original).<sup>6</sup> The objective is not only to prevent deprivation and vulnerability, but also to bolster freedom and human capabilities. And public or social means can be of various types, such as direct support of food or cash, free health service/insurance, scholarship to students, unemployment insurance, old-age pensions, etc. The social means could also be indirect such as through social or economic development.

According to Dreze and Sen, '[I]f a person does not have the capability of avoiding preventable mortality, unnecessary morbidity, or escapable undernourishment, then ... the person is deprived in a significant way' (1989: 15). The failure of human capabilities might lead to deprivation, and

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opportunities (or distribution) will not address the inequalities of 'birth or fortune', thus the need for equity. Equity and distributional considerations are critical for maximising well-being in a society and thus equity matters also for efficiency (Klasen 2008).

<sup>6</sup> Social security is also often times used interchangeably with social protection. While some have tried to make a distinction between social security and social protection, the distinction is not that evident (Kannan and Pillai 2007). Some organisations seem to prefer one against the other, whereas some have used both interchangeably. The term social security is preferable over social protection for the former encompasses both 'protection' and 'promotion' aspects. Protection is concerned with 'the task of preventing a decline in living standards' while promotion refers to 'the enhancement of general living standards and to the expansion of basic capabilities of the population' (Dreze and Sen 1989: 16).

'poverty' can also be seen as a severe failure of basic capabilities. And 'capabilities are influenced not merely by personal incomes but also by social facilities (such as public health)' (1989: 15).

The justifications for social security have come from three sources: an analysis of uninsurable risks and market failures; doctrines of human rights, specifically economic and social rights; and needs-based doctrines (Munro 2007). According to Munro, the risk school emphasises failures in insurance markets to cover risks, which are compounded by other failures in markets for labour, credit, and human capital. The second camp of rights focuses on the obligations of the state towards citizens. And these rights are usually said to be defined in the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights, amongst other sources of international law.<sup>7</sup> The needs-based camp stresses the practical and moral importance of eliminating poverty and asserts both moral and economic claims in favour of social protection measures (Munro 2007: 1). The initial dominant view of social security as social risk management has been overshadowed by the basic human needs and capabilities approach.<sup>8</sup> Social security these days is also pitched as 'an effective response to poverty and vulnerability in developing countries, and an essential component of economic and social development strategies' (Barrientos and Hulme 2009: 439).<sup>9</sup>

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<sup>7</sup> The 1948 United Nations Declaration of Human Rights included social security (in Article 22), and ILO Convention 102, providing protection against the financial consequences of nine risks, was endorsed in 1952.

<sup>8</sup> Capability approach is 'provisionally defined as an approach to comparative quality-of-life assessment and to theorizing about basic social justice' and it values each individual and focuses on her freedom to choose from a set of opportunities that is (or should be) available to her (Nussbaum 2011: 8). The approach contains three central concepts: functioning, capability and agency. 'A functioning is being or doing what people value and have reason to value. A capability is a person's freedom to enjoy various functionings—to be or do things that contribute to their wellbeing. Agency is a person's ability to pursue and realize goals she values and has reason to value. And is very much concerned with enhancing people's capabilities' (Alkire and Deneulin 2009: 22).

<sup>9</sup> The World Bank's approach paper says that 'for accelerated poverty reduction and sustained economic and human development' social security is essential (cited in Holzmann, Sherburne-Benz, and Tesliuc 2003: 1). The most recent (2014) Human Development Report says, '[A]n initial investment of just a small percentage of GDP [in the social security], brings benefits that far outweigh the initial outlay' (UNDP 2014: 5).

State-run social security programmes, which has a long history in the West, has, however, until recently been seen as a waste of resources that low-income, resource-scarce countries could ill afford. It was dismissed as ineffective, expensive or even detrimental to development in developing countries (Holzmann, Sherburne-Benz, and Tesliuc 2003). The dominant view was that the introduction of social security in developing economies would mean ‘creating a nation of welfare dependents and, anyway, even if the idea had merit, handouts would be stolen by corrupt officials and politicians’ (Barrientos and Hulme 2009: 440). Such assertions have been falsified, and recent decades have seen an enormous expansion of social security programmes in developing countries across the globe. The progress made in this area is even viewed as a ‘quiet revolution’ (Barrientos and Hulme 2009: 440). Multilateral and bilateral actors, international financial institutions and the international development community are now involved in promoting the social security agenda (Bastagli 2013).

But there are also counter arguments made against social security provisions. The debates and discourses on social security show that social stigma is attached to social security; one loses dignity if one receives state assistance (see Fraser and Gordon 1992). Another argument against social security is that it makes citizens passive as they do not strive to earn their bread (incentive to not work) (Morris 1994);<sup>10</sup> it is also cited as a source of moral corruption through its effect on the family—with the receipt of separate allowances serving as an incentive for the break-up of families (King and Waldron 1988).

There are strong voices against the ‘non-contributory’ pension/assistance as well even though the objections to providing social security to those not contributing ‘directly’ to the social security basket is fundamentally flawed. Every single citizen who consumes commodities by purchasing from the market is paying tax, directly or indirectly, to the state. So, a person who is 60 or 65 or 70 consumes a significant amount of commodities during his/her lifetime and thus contributes tax (e.g., sales tax, value added tax, etc) to the state treasury (even if s/he does not pay any other tax that the state levies upon its citizens, e.g., income tax, wealth tax,

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<sup>10</sup> Fraser and Gordon (1992) found the key word used in the US discourse on welfare was ‘dependency’.

etc.).<sup>11</sup> Likewise, while the contribution of those who work in the formal/government sector are acknowledged and social security provisions have been made available to them, the contribution of those who toil in the agri-field, involve in subsistence farming or slog as a porter/daily wage earner has neither been 'properly' factored in nor adequately recognised in the discourses of 'national development'. If social security in essence is sharing of the wealth of the nation, then the fundamental question that needs to be asked is who owns the wealth that is generated in the country. Because, in the name of the 'development of the country', the wealth of the nation is consistently appropriated by the elites who control the State, and by the bureaucracy. Every citizen, whether s/he works in a government office or does simple household chores, contributes to the national economy, and thus should have the right to the wealth that the nation possesses, just like a shareholder does in a corporation.

Social security should therefore be conceived as the 'rightful share' of a citizen of the country rather than just charity or generosity or duty of the State towards its citizens. If social security measures are viewed as a share of the common wealth, then not only will the social stigma attached to them vanish, but the citizens will also start demanding their fair share. The discourse on social security has to be linked not only to the idea of 'human rights' but rather or more specifically to that of social citizenship a la [Marshall].<sup>12</sup> Only when social security becomes part and parcel of (social) citizenship will citizens demand and defend the social security measures or welfare services.<sup>13</sup> When such welfare rights become part of citizenship,

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<sup>11</sup> The State's focus on consumer taxes (which is spread across the board) rather than on income of the individual is inequitable and is designed to work in the favour of wealthy.

<sup>12</sup> In an essay entitled 'Citizenship and Social Class', Marshall contended that social provision constituted one of three sets of rights associated with citizenship, the others being civil and political rights (Marshall 1950). For more on the idea and usefulness of the concept, see for example, King and Waldron 1988; Turner 1997; Morris 1994; Fraser and Gordon 1992.

<sup>13</sup> It needs to be emphasised that citizenship is in essence exclusionary in itself as it clearly creates boundaries between citizens and non-citizens, which give rise to problems since a large number of citizens live outside the country and a significant portion of migrants, particularly Indians, live and work in Nepal. Citizens are considered thus by virtue of their acquiring citizenship certificate while there is still a large number who are not able to acquire that crucial document, leading to potential conflict in the long run.

they cannot simply be abrogated or whittled away at the whim of a particular government, thus making it a permanent fixture.

## **EVOLUTION OF SOCIAL SECURITY PROGRAMMES IN NEPAL**

This section looks at the evolutionary trajectories of social security programmes in Nepal. It explores the significant policy changes that have occurred in the areas of social security over the years and tries to find out reasons behind such policy changes. This section shows that while the idea of human development through social security is a recent one, the idea of providing some form of social security has a rather long history. This overview also shows that the objective of providing ‘security’ has undergone changes—it has moved from reward to means of control to charity.

### ***Jagir, Social Security and the Growth of a Nation***

Modern Nepal’s foundation is said to be laid with the rise of the Shahs of Gorkha in the mid-18th century. From a state of a few hundred square miles it expanded into an area of approximately 90,000 square miles. By the first decade of the 19th century, the Nepali state had control over a land area that spanned from the Teesta river in the east to the Sutlej river in the west (both in present-day India).

The tale of a tiny state managing to expand thus is in itself fascinating. The aim here, however, is not to recount the story but to highlight the role of ‘social security’ in the form of *jagir* (i.e., tax-free land grants to state officials) in the expansion of the state. The assignment of *jagir* during the period of Gorkhali expansion played a very important role in the development and unification of the country. Since the Gorkhali state had no significant revenue source other than land, it paid its military men and other state officials land in the form of *jagir*.<sup>14</sup> According to Stiller, the ‘land was the currency of the conquest, the means by which the rulers of the

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<sup>14</sup> Though the army was by no means the only group to share in these increasing revenues, it was in many ways the most important. Apart from the army men and state officials, the land grant—in the form of *jagir* or *birta*—was also awarded to the successful army commanders, the defectors/collaborators of the enemy army. The land assigned as *jagir* was for the regular maintenance of the army/bureaucrat and as *birta* in reward of the (special) services rendered to the state. See, Regmi (1976) for more details on *jagir*, *birta* and other kinds of land ownership.

House of Gorkha paid for the victories that extended their rule from the Teesta to the Sutlej' (Stiller 1973: 278).

As the tiny Gorkha state did not have a large number of native army men required to annex further territory, its army was opened to anyone willing to fight for it.<sup>15</sup> And since the army had land, it held a strong attraction for the hill men who were eligible and willing to fight for Gorkha. As Gorkha's territorial possessions expanded, her power to recruit and pay *jagir* to a larger army also grew.

However, *jagir* was not a Nepali innovation, and was common to other parts of the subcontinent. The most significant difference was that it was more than simply remuneration for a job done, for it also provided 'insurance' to the employee. In his *Dibya Upadesh*, the pioneer Gorkha king, Prithvi Narayan Shah, says: 'An important point is that the soldiers required for the king should be given their house and land and that they should farm it, so that they can support themselves by both means' (as quoted in Stiller 1973: 279).

To guarantee the army's strength, he directed that soldiers be provided with lands exempt from major taxes, so that they would be able to fight without anxiety for the welfare of their families. Prithvi Narayan also set down the directive that the children (or spouse) of those soldiers who had fallen or were wounded in battle should be provided with land for their support until the children (sons) were old enough either to serve in the army and continue to be the landowner(s) or to assume the role of tenants in their own right. The *jagir*, thus, could be seen as the oldest form of social security in Nepal that the state bestowed upon its subjects, particularly army and other state officials.<sup>16</sup>

### ***Rise of the Rana Autocracy and the End of 'Social Security'***

The expansionist project of the Gorkhali empire however could not have gone on and on forever and had to come to a halt at some point, which happened when the Nepali state finally met with the other expansionist

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<sup>15</sup> For example, in the east there were many Limbus who served with the army even in the battles against their own people. In Kumaon the number of the Kumaonis who served with the army was actually greater than the number of soldiers from Nepal proper serving there (Stiller 1973: 281).

<sup>16</sup> It is also to be noted here that the *jagir* was available to only a segment of the population. And for the rest, *jagir* land could also be a means of exploitation, especially when the *jagirdars* (employees) were not involved in direct farming and were renting out their land to the tillers.

force in the area and one with superior military power and technology, the East India Company. Following the Anglo-Nepal War (1814–16) that ended in the Treaty of Sugauli, the Nepali state's expansionist project not only got truncated but it also lost a substantial territory that it had acquired over the years to the British India. With the expansionist phase of the Nepali state over, infighting among the nobles in Nepali court increased. Eventually, through a bloody massacre of high-ranking state officials in an overnight operation, a family of lesser nobles, the Kunwars, took control of the state apparatus in 1846. Led by Jung Bahadur with the support of his brothers—who later took on the title of 'Rana' as their surname—this coup laid the foundation of the family oligarchy that ruled Nepal for the next 104 years.

In the post-war, post-massacre period, while the *jagir* as a form of remuneration remained, the 'security' that it provided vanished. Likewise, *birta* grants<sup>17</sup> were also curtailed, and this road to security was closed to all but a very few of the *bhardar* (so-called nobles). The *jagir* was subject to *pajani*,<sup>18</sup> the annual reshuffle of government officials, and therefore became extremely insecure (Stiller 1976). Furthermore, the number of *jagirdar* decreased substantially. Instead, the collection of land tax, the mainstay of state income, was leased out to the highest bidders—which increased the exploitation of the tillers. The *pajani* system in practice was used to strengthen the individual ruler's position by purging those who were not close to the ruler, thereby institutionalising the infamous *chakari* system of pleasing those in power by ingratiating oneself in various ways.

The government functioned as an instrument to carry out the personal wishes and interests of the Rana prime ministers. Its main domestic preoccupation was the exploitation of the country's resources in order to enhance the personal wealth of the Rana ruler and his family (Joshi 1973). No distinction was made between the personal treasury and the treasury of the government: any government revenue in excess of administrative expenses was pocketed by the Rana ruler as private income (Joshi and Rose 1966).<sup>19</sup>

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<sup>17</sup> See fn 14 for an explanation of the different types of land grants.

<sup>18</sup> *Pajani* was one of the major sources of power of the state through which disloyal elements could be cut off from the land—the basic source of survival/power.

<sup>19</sup> At the end of each year, the surplus of revenue over expenditure for that year became the personal property of the ruler. The prime minister, therefore, had a



The Ranas, especially during the latter period, also began giving gratuities/pensions to those who served them for a long time. In 1934, the Sainik Drabya Kosh (Army Provident Fund) was established. A decade later the scheme was broadened to cover employees of the civil service.<sup>20</sup> Those serving the state for more than 36 years were given *Dirgha Seva Padak* (extended service award), which led to a pension after retirement. Due to *pajani* system that allowed rulers to purge state officials at their whim, there were, however, very few who could serve for that long. In the late Rana period when there were increased oppositional activities against the Rana regime, the rulers tried to invest especially in the military by increasing their salaries and emoluments to earn the loyalty of the army.<sup>21</sup> They also began to spend, albeit thriftily, in public goods—education, health, etc. It was too little, too late, and a brief armed struggle against the regime led to their downfall in 1951.

### ***'Modernising' the Bureaucratic Apparatus: Pension as a Means of Control***

When the Rana regime came to an end, the country was left with empty coffers and a bureaucracy loyal to the old regime and attuned to old ways of functioning. According to Pradhan, 'the administration had nothing to perform except the execution of the order of the Prime Minister' during the Rana era. 'It was personalized administration' (Pradhan 1976: 46).

The new government that replaced the Ranas thus had multiple challenges in the administrative as well as other fronts. It had to institutionalise the democratic system and address the concerns of the citizens who had hitherto been deprived of civil liberties and means of progress. There were some efforts to relieve the plight of the public and to restructure the administration despite political instability and lack of adequate resources—financial and otherwise. Parliamentary democracy with constitutional

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personal interest in limiting public expenditures (Goodall 1966).

<sup>20</sup> A separate organisation named Nijamati Provident Fund was established in 1944 to manage the scheme for civil servants working within Kathmandu. In 1948 the coverage of the scheme was extended to all civil servants working throughout Nepal.

<sup>21</sup> There was no distinct demarcation of functions among the officials. The military commanders became the civil administrators as well as the judges to adjudicate cases (Pradhan 1976).

monarchy was envisioned and modernisation of the country became the main *mantra*.<sup>22</sup> When there was a new elected government in 1959, there was an effort at land reforms—the *birta* system was abolished, tenancy rights were established, and land ceilings set—as well as nationalisation of forest and other resources. A number of commissions were also set up to reorganise and modernise public administration. The Civil Service Act, 1956 was enacted and the Public Service Commission set up. A new pay scale was announced and a payroll deduction was made compulsory for provident fund reserve.<sup>23</sup>

But the first-ever elected government did not last very long. The king staged a coup, dismantled parliamentary democracy, suspended fundamental rights, detained the prime minister, ministers and the political leadership, and outlawed political parties. Besides, the palace secretariat, which had been relegated to a subordinate position in relation to the central secretariat, once again subordinated the central secretariat. Civil servants suspected of being close to political parties were fired. ‘A thorough screening of all civil servants at all levels took place’, writes Joshi (1973: 25). It was estimated that around 3000 government employees of all ranks were dismissed after the political change of 1960 (Joshi and Rose 1966: 475).<sup>24</sup>

Once the cleansing was done, the civil service was assured of security of tenure, provided it fully cooperated with the regime (Joshi and Rose 1966).<sup>25</sup> Gradually, civil servants were also provided with other facilities in

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<sup>22</sup> The Interim Government of Nepal Act, 1951 provided for the Public Service Commission with the duty to conduct impartial examinations and to advise on matters of recruitment, promotion, transfer and disciplinary action.

<sup>23</sup> In 1959, Employees Provident Fund (EPF) Department was established under the Ministry of Finance and Economic Affairs. This department was entrusted with the management of both Sainik Drabya Kosh and Nijamati Provident Fund. With this, the scope of the scheme was extended to cover all government employees including the police (Joshi 1973: 23).

<sup>24</sup> At the same time, the size of the royal palace secretariat multiplied (Pradhan 1976: 50).

<sup>25</sup> In 2019, the Government of Nepal tabled the Federal Civil Service Bill in the parliament that would replace the existing Civil Service Act 1993. Clauses of the proposed Act seeks to restrict even the retired civil servants from airing views (including in social media) that are critical to the government. Those criticising the government might be denied their pensions. This bill has been criticised by the main opposition party, the Nepali Congress, and other members of civil society (see Kamat

order to win their loyalty.<sup>26</sup> The palace, however, wanted to have much more control over the bureaucracy, especially in decision-making, for which it established a 'high-powered' unit within the palace called *janchbujh kendra* (or, investigation centre) with sweeping powers in 1971. It was a supra unit above the civil bureaucracy where handpicked trusted lieutenants served. Despite the fact that the palace had total control over the Public Service Commission, there existed a parallel system of recruiting state officials—through *hukum pramangi* (i.e., by order of the king).

In the 1970s, the state nationalised schools and other academic institutions and brought the schools and colleges under its direct control, a vast majority of which were largely locally established, managed and funded. With this, the government took the responsibility of financing the education sector, including the salaries of teachers and their pensions. This was a big decision and required a significant amount of money to be invested annually. At the outset, it may have looked like an investment made with the egalitarian aim of providing social security to state officials but in reality it was a strategic decision to quell the opposition emanating from the education sector. For, the decision was coupled with interventions in school curricula and the examination system to limit the production of an educated lot so as to minimise the threat from the educated but unemployed.<sup>27</sup>

### ***Social Security in the Post-1990 Period: Innocuous Piety?***

Since most of the social security programmes were extended (particularly to the general public) after the 1990 political change, this section looks at the constitutional and legal changes as well as plans (periodic plans) and policies (budget speeches) regarding social security programmes of the Government of Nepal in the period thereafter. An attempt is also made to look at the political context under which such programmes were being introduced.

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2019; Pradhan 2019).

<sup>26</sup> In 1962 a special Act called Karmachari Sanchaya Kosh (KSK) Act was legislated and in the same year KSK was established as an autonomous provident fund organisation. After the establishment of KSK the erstwhile Sainik Drabya Kosh, Nijamati Provident Fund and Provident Fund Department were merged into KSK.

<sup>27</sup> For details on the politics of education during this period, see Parajuli 2019.

**Constitutional/Legal Provisions:** The 1990 constitution did not directly mention the right to welfare/social security but in its ‘Directive Principles’ (Article 25) the following was mentioned: ‘It shall be the chief objective of the State to promote conditions of welfare on the basis of the principles of an open society, by establishing a just system in all aspects of national life, including social, economic and political life, while at the same time protecting the lives, property and liberty of the people’. However as per the Article 24, these policies were ‘not enforceable in any court’ (HMG 1990).

Comparatively, the Interim Constitution (IC), 2007 and the 2015 Constitution made giant leaps when it came to rights enshrined therein. The IC had 20 fundamental rights enlisted, which increased to 30 in the 2015 Constitution. There are a number of fundamental rights in the new constitution that have a direct bearing on social security, including the right to employment: ‘(1) Every citizen shall have the right to employment. The terms and conditions of employment, and unemployment benefit shall be as provided for in the Federal law. (2) Every citizen shall have the right to choose employment’.<sup>28</sup>

The 2015 Constitution also has another fundamental right—right to social justice (Article 42)—which has a rather elaborate list of social groups and their respective rights to social justice.

The socially backward women, Dalit, indigenous people, indigenous nationalities, Madhesi, Tharu, minorities, persons with disabilities, marginalized communities, Muslims, backward classes, gender and sexual minorities, youths, farmers, labourers, oppressed or citizens of backward regions and indigent Khas Arya shall have the right to participate in the State bodies on the basis of inclusive principle.<sup>29</sup>

In four other sub-clauses of this article, the rights of such communities as indigent communities, communities on the verge of extinction, farmers, children of martyrs, people with disabilities have also been mentioned.

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<sup>28</sup> See, Article 33, Right to employment. Available at <http://www.lawcommission.gov.np/en/archives/981>; accessed August 29, 2020.

<sup>29</sup> See, Article 42, Right to social justice. Available at <http://www.lawcommission.gov.np/en/archives/981>; accessed August 29, 2020.

There are separate rights for social groups, in which 'social security' appears. For example, Article 41 reads: 'The senior citizens shall have the right to special protection and social security from the State'. Likewise, Article 40, which is the rights of Dalits, says among other things, '(3) Special provision shall be made by law in order to provide the health and social security to the Dalit community'. Similar provisions are also mentioned in the fundamental rights related to women and children.

Apart from these various clauses and sub-clauses in which social security is mentioned,<sup>30</sup> there is a separate article (43) in which right to social security is elaborated. It reads,

The indigent citizens, incapacitated and helpless citizens, helpless single women, citizens with disabilities, children, citizens who cannot take care of themselves and citizens belonging to the tribes on the verge of extinction shall have the right to social security, in accordance with law.<sup>31</sup>

**Provisions in Periodic Plans:** The first reference to 'social security' in the country's periodic plans came in the 9th Five-Year Plan (1997–2002). Prior to that, the old-age allowance (*briddha bhatta*) was introduced through a budget speech in 1995. The 9th Plan, which was also the first plan to declare alleviation of poverty as its prime objective, mentioned policies geared towards 'helpless, disabled, and senior citizens', whereby the State was supposed to protect the rights of the above three groups, and provide them with social security, e.g., allowances and shelters (NPC 1997). The 10th Plan (2002–2007) also had poverty alleviation as a primary focus and had similar provisions related to social security while also repeating the pledge that laws towards that end would be enacted (NPC 2003). In 2002, the State formed a 'Senior Citizen Policy and Guidelines' and in 2006 introduced Senior Citizens Act, 2063 (GoN 2006) and two years later the regulations related to the Act. In the year 2007, the State also prepared a detailed guideline for the implementation of 'social security programmes' (MOFALD 2013).

Following the popular movement of 2006, the State opted for a Three-

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<sup>30</sup> Social security appears at least 14 times in the Constitution. See, <http://www.lawcommission.gov.np/en/archives/981>; accessed August 29, 2020.

<sup>31</sup> See <http://www.lawcommission.gov.np/en/archives/981>; accessed August 29, 2020.

Year Interim Plan in 2008, which was prepared with the assumption that the new government to be formed after the completion of the peace process/transitional period would then formulate the plan according to its vision. However, since the transition period was protracted, the country issued a number of three-year plans. In the 12th plan (or the second three-year interim one, 2011–2013), one of the strategic objectives of the social security policy mentioned was to ‘consolidate all the scattered social security measures to an integrated social security programme and expand’ as well as to ‘integrate social security programmes with social, economic and human [*manaviya*] development’. The Plan also pledged that it will provide ‘ration cards’ to the population below the poverty line as well as special services to them. Likewise, it was to also gradually provide social health insurance to every community of the country (NPC 2011). The 13th Plan (2013/14–2015/16) also made similar pledges, albeit in slightly different language (NPC 2014). The latest, the 15th Plan (2019/20–2023/24), once again a five-year one, is more ambitious than the previous ones. With the introduction of the Contributions-Based Social Security Act 2017, and another Social Security Act 2018, the Plan expects the overall coverage of some sort of social security to reach 60 per cent of the population by the end of the plan period. It also seems that the state is planning to introduce a new social security tax (see NPC 2020).

***Provisions in Annual Plans/Budget Speeches:*** In practice, rather than the periodic plans, social security policies have come into effect either through annual policies and plans of the government in power or through the budgetary speeches. This is equally true for almost all social security programmes, be it social allowance programmes or the unemployment guarantee scheme or scholarship programmes for girls or Dalit children. And, since governments have changed every now and then, not all have received continuity or retained relevance. But, in particular, social allowance programmes to senior citizens, women and marginalised groups have been an exception. In this scenario, the country’s periodic plans look dated and out of sync with the fast-paced political change the country has been undergoing since it is the annual or ad hoc policies introduced by the government in power that have expanded the coverage of social security

schemes of Nepal. It is thus necessary to understand the political context under which such programmes have been introduced.

After the reinstatement of the multiparty democracy in 1990, the two parties that emerged victorious were Nepali Congress (NC) and the Communist Party of Nepal–Unified Marxist Leninist (CPN–UML). The NC won a comfortable majority whereas the CPN–UML came a somewhat close second. While the former's guiding ideology was said to be 'democratic socialism' the latter was a communist party. This period also coincided with the years when the so-called structural adjustments and liberalisation policies were in full swing. The party in power though of a leftist bent (or centre-left) started wholeheartedly following the diktats of the international financial institutions. The state began withdrawing from the public sector, public corporations were privatised, and workers laid off. Citing financial unviability, the government announced that it would not pay pensions for the newer cohorts of public officials and instead only provide a one-time gratuity at the time of retirement (although nothing came of the declaration and pensions continued to be paid until a contribution-based scheme was introduced in 2019).

Due to infighting in the ruling party, the country went for mid-term elections in 1994. The CPN–UML emerged as the largest party but unable to win a majority. It nevertheless formed a minority government in 1994. It knew its days were already numbered as it did not have the 'magic figure' of 103 (out of 205) members of parliament. And indeed, the minority government only lasted for nine months in power. Before being thrown out of power, and facing imminent elections, the party introduced a pilot project of social allowance to the elderly people (above 75 years of age), covering five districts of the country, which later was extended throughout the country. It was a populist measure to woo a segment of the voters who did not vote for the party and it was also meant to counter the negative campaigns that if communists came to power they would exterminate the elderly people who cannot contribute physical labour.<sup>32</sup> The CPN–UML's

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<sup>32</sup> In the elections held after the downfall of communist regimes across the world, particularly in Europe, the CPN–UML came close second in the first general elections since the restoration of the parliamentary democracy in 1990 and became the single largest party in the mid-term elections held in 1994. One of the charges that were made against the communist parties was that in the communist regimes there was no

introducing this symbolic programme was a political master stroke—it not only proved the sceptics wrong but it also showed that it ‘cared’ for the elderly.<sup>33</sup>

The main opposition party, NC, could not directly oppose this move, but cried foul. In essence, its position was: you cannot just distribute the money and make country developed and prosperous. The hard-earned money should be used wisely, in productive areas, in infrastructure. Once the country prospers, the citizens prosper, too, it said. But when the same party later came to power, it could not just discontinue the programme. In fact, the NC later expanded the scope by bringing widows also inside the social security net.

The social security programmes thus not only have continued to survive despite a change of guard, but were expanded as well. When the Communist Party of Nepal–Maoist (CPN–M) became the single largest party in the parliament after the 2008 CA elections, the party made a decision to increase both the amount and scope of the social security programme, particularly the cash transfer programme, to a specialised section of the society. The retention and expansion of such programmes have also been made possible due to the convergence of international agencies (e.g., the World Bank or Asian Development Bank) on the idea, even though their financial contribution in these social security programmes, particularly the cash transfer and rural employment schemes, have been negligible. The annual allocation for the social security and related areas in fiscal year 2019/20 reached 11.7 per cent of the national budget (NPC 2020). And the latest Plan envisages that basic social security coverage would increase to 60 per cent of the population and the total cost of such programmes would increase to 13.7 per cent of the national budget by the end of the Plan. The government has already set up a Social Security Fund, and the private sector (including the NGO sector) have

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room for the elderly people; those who were not physically productive would not have the right to live. And in fact, it was the elderly people who voted the CPN–UML less. See also Bhusal (2012: 51); cf. Wagle (2014).

<sup>33</sup> The programme was largely symbolic as the amount was minuscule and the age bar was very high, i.e., 75, when the average life expectancy was around 50. Now, the age bar has been lowered to 70 and the life expectancy also has increased to around 66 (CBS 2012). And it is claimed that the number of citizens receiving such assistance is around 2.16 million (Development Advocate 2014).



been legally forced to participate in it. There already is an indication that the targets are lofty, as the State's attempts to forcefully enrol the private sector have faltered.

## CONCLUSION

The evolutionary trajectory explored above tells us that some sort of social security programmes did exist in Nepal in the past even though they were not called as such, and the number of beneficiaries was also very limited. Over the years, and particularly since the mid-1990s, there has been a gradual expansion of the social security programmes. These programmes have come into existence through ad hoc or executive decisions rather than by way of long-term planning.

The initial form of social security (i.e., *jagir*) came largely as a reward for service. The social security programmes (available only to the state officials and the military) during the next two political periods, i.e., during Rana period (1846–1951) and Shah/Panchayat period (1960–1990) was chiefly conceived as a means of control. In the latter period when coalition governments have been the norm, social security programmes have been retained, and also expanded because of their popularity. No party has dared take the unpopular decision to the contrary.

The growth of such programmes looks impressive—the total national expenditure on social security programmes has been increasing significantly and the coverage level, too, has expanded. But, these programmes are scattered and have diverse approaches. Some programmes have wider coverage, others are narrow. Some are financed solely by the taxpayers' money, others are run with the help of donors. Some are social allowance (cash transfer) programmes, a few are in-kind programmes; some are universal, others are targeted. But neither has the focus been clear nor is there coordination among these programmes. Their effectiveness has also been questioned as there exist a number of issues with each of these programmes, including absence of a proper monitoring and evaluation protocol.

Another important change we see through the evolutionary trajectory is the transformations that have taken place in the approach to social security. The dominant mode of viewing social security has moved from reward to control to charity or generosity. This transformation in a sense coincides

with what has taken place in the relationship between state and citizen. But the challenge now is to move forward from the charity mode to rights mode—in the form of social citizenship.

In order for Nepal to expand the social security programmes, it has to concentrate on four major areas of spending: social allowance for infants and the elderly; scholarships for school-age children; employment guarantee schemes for the working-age population; and health for all. While the government, in principle, has to universalise these programmes and free them from any conditionalities, there are certain areas where it should put its efforts in making the programmes more socially just and equitable—by labelling,<sup>34</sup> categorically targeting, and also by attaching conditions, particularly in the case of infant care and immunisation. Financing social security programmes is a challenge, but not insurmountable, even with the current economic situation of Nepal, provided there is strong political will.

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<sup>34</sup> Labeling indicates which good or service a government cash transfer is meant to be used for, such as a child grant.

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# Limits of Social Protection Policies in Ethnically Diverse Societies

## Comparative Lessons for Nepal

**Mahendra Lawoti**

### INTRODUCTION

Social protection of the poor and vulnerable sections is necessary and important in any society aspiring for equality, justice, peace, and development. However, if the aim of promoting social protection policies is to ignore or undermine societal diversity in multi-ethnic societies and/or avoid substantially accommodating multiple identity groups or even continue, if not impose, mono-ethnic hegemony, that may be problematic. Unaddressed or ignored problems often get exacerbated, especially those that deal with ethnic diversity. The Nepali state, unfortunately, and to some extent the donor agencies, seem to be emphasising social protection policies presumably to ignore, undermine or avoid accommodating issues of marginalised ethnic groups<sup>1</sup> through substantial institutional and policy reforms.

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<sup>1</sup> The term 'ethnic group', as used in this chapter, encompasses indigenous peoples (or Adibasi Janajatis, as they are known in Nepal), Khas Arya, Dalits, Madhesis as well as linguistic and religious groups in Nepal. Except for the Khas Arya (Bahun, Chhetri, Thakuri, and Sanyasi), all other ethnic groups are marginalised or excluded in the social-cultural-political sphere and to a large extent with regard to accessing material resources as well. Some members of Khas/Chhetri claim that they are not Hindus and dissociate from Khas Arya ethnic group. They have formed 'ethnic' associations and are critical of Arya (Bahun) who have appropriated disproportionate share of public positions and resources. Despite an expansion of the Khas organisations, a large number of Khas people, however, still identify themselves as hill Hindu 'upper' caste as the Bahun do, speak the same mother tongue, and identify socially and politically with Bahuns compared to other ethnic/caste groups. Hence, I treat the Khas Arya as an ethnic group in this paper despite some activists' attempts to delineate a separate identity.

A major argument made in Nepal by an influential section of the society (politicians, the media and intellectuals), largely hailing from the dominant ethnic group, the Khas Arya, is that people mostly or only care about material wellbeing and hence the country should focus on rapid economic development, which would dissolve or make ethnic identities immaterial. Thus, they argue that there is no need to address socio-cultural issues (often labelled as ‘identity’ in Nepal) raised by the marginalised groups.<sup>2</sup> While those on the Right argue that focus should only be toward attaining prosperity (disregarding class-based inequality),<sup>3</sup> those on the Left believe that any intervention needed should be towards addressing class-based inequalities through social protection policies. The latter’s rationale seems to be that social protection policies would prevent any chances of economically dissatisfied people from taking up ‘ethnic’ issues while the country is on the path to, but has yet to attain, prosperity.

The political forces that advocated the above approach succeeded in crafting the 2015 Constitution while reversing some of the reforms<sup>4</sup> initiated by the 2007 Interim Constitution, which had begun the process of undermining or eroding the mono-ethnic policies and institutions of the state. It had declared the state to be secular, ended the monarchy, adopted the proportional electoral method, refused to reinforce the constitutional

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<sup>2</sup> The term identity is a misnomer in Nepal, especially when used to identify it with the struggles of marginalised groups, since it is the dominant group that has highly politicised its identity by institutionalising them into the state, constitution, institutions, laws, and policies. I have argued elsewhere that the state controlled by the dominant ethnic group promoted its culture and ethnic values since the conquest of Nepal by the Gorkhali King Prithvi Narayan Shah. It gradually imposed a mono-ethnic state in a multi-ethnic society (Lawoti 2012). Despite the regime change in 1990 and major political reforms in 2006, the mono-ethnic state, which the 2015 constitution reproduced, though in a slightly diluted manner, continues today.

<sup>3</sup> I do not fathom how Nepal could attain prosperity when more than two-thirds of its population cannot contribute as much as they can due to constraints on self-development by state policies, such as primary education in non-native language.

<sup>4</sup> The 2015 Constitution is progressive politically (e.g., institutionalisation of republic, empowerment of local governments) but is regressive with regard to the rights of marginalised ethnic and gender groups. The constitution has provided lip service to multiculturalism, secularism, human rights, etc, in the preamble or on other major articles on rights but subsequent articles or sub articles have undermined many of those provisions, such as by qualifying secularism in a way that can be interpreted to preserve and promote Hindu religion.

monopoly of the *parbate* aka khas-Nepali language, and committed to multi-ethnic federalism. The 2015 Constitution regressed on these and other major multicultural institutions and policies (see Jha 2073 BS; Limbu et al 2016; Lawoti 2019). The governments formed since then have eroded or undermined even the weak multicultural institutions and provisions of the 2015 Constitution. For example, ‘special areas’ for the smaller minorities were not adopted during the formation of local government structures. State agencies ignored and disregarded the proportional recruitment provisions when thousands of staff were recruited for local governments, and the government has disproportionately appointed male Bahuns to influential public positions.

Social protection policies do not address the psychological, socio-cultural and other identity-related issues of marginalised ethnic groups. This becomes especially problematic because the dominant ethnic group’s imposed cultural values, norms and worldviews under the façade of ‘universal’ policies privilege members of the dominant group while disadvantaging those from marginalised ethnic groups (Lawoti 2005; Young 1990; Kymlicka 1995). Such exclusion has often led to violent conflicts in culturally diverse societies without accommodative institutions and policies. Thus, while relatively homogenous countries with social protection policies have avoided large-scale violent conflicts, established peace and fostered prosperity, the same is not true for ethnically diverse societies, whether developed or developing.

This paper will argue that the aim of attaining prosperity and the formulation of social protection policies are important but are not sufficient in an ethnically diverse country like Nepal, which has 125 ethnic/caste groups, where 123 languages are spoken, and is home to half a dozen religious groups, according to the 2011 census (for an analysis of diversity in Nepal, see Lawoti 2005; Bhattachan 2008). It is unlikely to attain stability and prosperity without accommodative and power-sharing institutions and policies.

## **METHOD**

This paper will examine the debate whether prosperity leads to dissolution of ethnic identities and whether social protection policies are adequate for



attaining prosperity by examining two sets of countries: developed and developing. The first section will carry out a cross-country comparative analysis of developed countries. The aim is to see whether ethnic diversity has disappeared in developed countries and whether they attained prosperity by adopting social protection policies only or simultaneously adopted minority accommodative institutions and social protection policies.

In the next step, the paper will carry out an in-depth comparative case study of South Asian countries, namely, Sri Lanka, Pakistan, and India. The objective is to examine whether adopting strong social protection policies only (Sri Lanka) is sufficient to maintain peace and stability, a prerequisite for attaining prosperity, or whether strong minority accommodating institutions are also needed in addition to social protection policies (India). Finally, it will contrast Pakistan, a country with weak social protection policies and non-accommodative institutions, with India and Sri Lanka to test whether either social protection policies or inclusive institutions or both matter for maintaining peace and stability. If the outcomes (stability or violent conflict or disintegration) are the same in the three countries with different set of institutions and policies, then social protection policies and inclusive institutions may not make much of a difference, but if the outcomes are different in countries with different policies and institutions, then we can argue that the policies and the institutions of a country made the difference. The aim of the comparative analysis is to glean more robust implications for Nepal.

## **DEVELOPED COUNTRIES, SOCIAL PROTECTION POLICIES, AND IDENTITY ISSUES**

In order to examine the proposition that prosperity leads to dissolution of ethnic diversity, we need to look at developed countries. If ethnic diversity has disappeared in developed countries with higher social protection policies, the argument that material well-being, either due to prosperity or social protection policies, contributes in the disappearance of ethnic diversity stands supported; if not, the argument stands negated.

### ***Ethnic Homogeneity and Diversity in Developed Countries***

I use the Human Development Index (HDI) as a proxy to measure wealthy countries with better social protection policies. Being wealthy means that countries have more resources to spend on social protection policies if they choose to, but more importantly, the HDI captures governments' attitude toward social protection policies through investments in education and public health that benefit common citizens. A higher HDI despite lower Gross Domestic Product per capita (GDP/per capita) also indicates higher social investment in the country. I have used the HDI for 2017 available at the beginning of this research. I searched for a social protection policy index for wealthy countries but was not able to find any. As the later section shows, such an index exists for Asia.

Fearon (2003) and Alesina et al (2003) provide different sets of fractionalisation indices that measure ethnic diversity (covering 159 countries and 215 countries and territories, respectively). In either case, the index ranges from 0 to 1, with zero representing no diversity at all and 1 being the most diverse. According to Alesina et al, whose Index I use in this chapter, Greenland and 26 other islands are ethnically homogenous (0) while Uganda is the most diverse country (0.9302).<sup>5</sup> I divided the countries into four categories based on their indices: 0–0.249 = *Homogenous and Less Diverse*<sup>6</sup>; 0.25–0.499 = *Somewhat Diverse*; 0.50–0.749 = *Significantly Diverse*; and 0.75–1.0 = *Very Diverse*.<sup>7</sup>

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<sup>5</sup> Alesina et al provide indices for Ethnic Fractionalisation, Linguistic Fractionalisation, and Religious Fractionalisation while Fearon provides indices for Ethnic Fractionalisation and Cultural Diversity.

<sup>6</sup> The Homogenous and Less Diverse category can also be further divided into Homogenous (0–0.099) and Less Diverse (0.10–0.249) sub-categories.

<sup>7</sup> Scholars have questioned the suitability of fractionalisation indices to test democratisation, development, conflict, regime stability, etc., because the issue may be of diversity management and not diversity per se. Countries that have accommodated diverse identity groups remain peaceful as well as stable and democratic – hence, ethnic diversity may not become problematic in countries where different groups have been accommodated while diverse countries that have not accommodated diversity may see violent conflict (Cederman and Girardin 2007). Scholars have also pointed out, as an alternative explanation, that countries with one dominant ethnic group (majority or significant plurality) often witness violent conflict compared to more diverse countries where no single ethnic group dominates (Bates 2000; Bangura 2006; Hale 2004). Accordingly, scholars have developed indices capturing excluded/mobilised groups that are more valid for analysing conflict, democracy, etc. (Cederman and Girardin 2007; Posner 2004). For this study that looks at

Among the top half (29 out of 58) of the countries<sup>8</sup> with the highest HDI, 38 per cent (21% and 17%, respectively) are *Somewhat* and *Significantly Diverse*<sup>9</sup> (see Table 1). This shows that ethnic diversity has not disappeared in wealthy countries despite a considerable level of social protection policies.

The higher proportion (62%) of *Homogenous and Less Diverse* and *Somewhat Diverse* categories probably contributed to forming the misperception that economic development and higher social protection policies contributed in reducing ethnic diversity. However, we should not forget that, first, 38 per cent countries were at least *Somewhat* or *Significantly Diverse*, as pointed out above. Second, if economic growth had contributed to reducing diversity, the countries would have had to be more diverse to begin with.<sup>10</sup> Thus, we need to analyse these countries' history. The history of Europe, from where 72 per cent of the countries listed above hail, and others like Japan and South Korea, do not indicate so. Many of the European countries formed following the legal foundation of nation-state (a state for homogenous ethnic/linguistic communities/nation) established by the Westphalian Treaty of 1648. The highly developed countries were *Homogenous or Less Diverse* to begin with.<sup>11</sup> Thus, to argue that ethnic diversity has disappeared or reduced because the developed countries are generally *Homogenous and Less Diverse* is a logical fallacy.<sup>12</sup>

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whether identities have disappeared or not, however, the use of Ethnic Fractionalisation Index is not inappropriate.

<sup>8</sup> The lower half countries contain non-democratic countries as well. My aim was to analyse countries that are democratic and hence I omitted the lower half countries. The countries fall under the category that the UNDP considers as Very High Human Development.

<sup>9</sup> Fearon (2003) and Alesina et al's (2003) Fractionalisation Index do not categorise a single country from the 29 countries as *Very Diverse* under ethnic, linguistic, and cultural diversity. Only Alesina et al (2003) Religious Diversity Index captures three (10.34 %) and eight (27.59 %) countries as *Very Diverse* and *Significantly Diverse* respectively.

<sup>10</sup> This paper's position is not that identities remain rigid – identities may change over a long period but that identity differences may not disappear in societies – ethnic identities may remain in societies even if some identities merge or split (see Horowitz 1985; Chandra 2012).

<sup>11</sup> Since many ethnic, linguistic and other identity groups were lumped together into states by colonial empires in most African, Asian, and Latin American countries, the context is very different in non-European countries, where cultural diversity issues would have been much more salient from the time of their formation.

<sup>12</sup> One can compare fractionalisation indices from two time periods. The recent fractionalisation indices could be compared with that published in 1964 (Atlas Narodov Mira) to see whether some of the countries have become less diverse over the years.

### ***Developed Countries and Ethnic Conflict***

The misperception that ethnic identities disappear with prosperity partly persists because the relatively homogenous countries have witnessed fewer identity-based violent conflicts and, hence, are less in the news for such incidents. However, as the Minorities at Risk project shows (Gurr 1993, 2000), developed countries also face mobilisation of ethnic groups, even though they are often relatively more peaceful. One reason for the fewer violent conflicts is less ethnic diversity in those countries to begin with, as discussed above. If there is less ethnic diversity, violent conflicts based on ethnic differences will be less likely. Strong social protection policies may play a role in undermining conflicts but, by definition, they prevent exacerbation of class-based conflicts, not of ethnic conflicts.

A second reason for fewer violent conflicts in developed countries is the long history of democracy, which has developed peaceful mechanisms, such as referendum or granting of autonomy to manage diverse identities (as will be discussed below). Thus, less- or non-violent conflicts are less newsworthy than the violent ones where large number of people die. However, that does not mean those countries do not face identity-related conflicts. In fact, some, such as Canada and France, have witnessed heightened identity conflict.

Separatist movements are probably the highest form of ethnic conflict within a state system when substantial members of an ethnic group or groups decide that they will be better off as a separate state. Similar demands in developing countries have led to violent conflicts and largescale deaths and destructions (a hundred thousand deaths in Sri Lanka and millions in Sudan, for example). Several developed countries have witnessed powerful separatist movements.

Canada has held referenda to decide whether Quebec should be granted independence twice (1980 and 1995) while Britain did the same in 1979 for Scotland. France has also held a referendum for New Caledonia in 1978.

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However, two issues might mar the effort. First, many new countries have emerged and hence the old index may not have data on them. The second is how comparable are two different indices with somewhat different operationalisation and measurement methods.

The separatists lost in all the three countries but only after the host state awarded extensive devolution to the regions seeking independence. The host states were forced to hold referenda and devolve power to defuse the situation. These countries did not witness violent conflict because they had developed mechanisms to manage the conflicts peacefully. The leaders of Catalonia in Spain held a separatist referendum in 2017 and won but the host state did not recognise it—the problem remains unresolved but it has not turned into violent conflict.<sup>13</sup>

Ethnic assertions and mobilisation had gained so much momentum that they could not be dampened by any other means, such as higher budget allocation or further devolution, and the countries reluctantly agreed to hold a referendum. The separatists lost the referendum but what is important is that identity issues became very salient in these prosperous countries and reached crisis levels. Democratic states had to resort to the last tool of referendum, even risking the breakup of the countries.

The four countries referred to here fall within the top 29 developed countries in the world.<sup>14</sup> They have very strong social protection policies, due to which the two components of HDI apart from income, long and healthy life and knowledge, as indicated, respectively, by life expectancy at birth and expected years of schooling and mean years of schooling, are very high.<sup>15</sup> This clearly shows that heightened peaceful conflict occurs despite wealth and high social protection policies. It again shows that wealth and high social protection policies do not dissolve identities. The heightened mobilisation, in fact, shows that ethnic identities have become stronger.

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<sup>13</sup> The issue flared up because the federal government did not accept the Catalan movement's demand that the resolution, 'Catalonia is a nation', passed by the Catalonia Parliament be recognised.

<sup>14</sup> The HDI index and ranking (inside parenthesis) for 2017 (<http://hdr.undp.org/en/composite/HDI>) for these countries are as follows: Canada, 0.926 (12); United Kingdom, 0.922 (14); France, 0.901 (24); and Spain, 0.891 (26). The GNI per capita (2011 Purchasing Power Parity \$) for 2017 was \$43,433, \$39,116, \$39,254, and \$34,258 respectively for Canada, United Kingdom, France, and Spain respectively.

<sup>15</sup> Life expectancy at birth for Canada, UK, France and Spain in 2017 are 82.5, 81.7, 82.7 and 83.3 respectively. The Expected years of schooling and Mean years of schooling for the countries in the same order are 16.4 and 13.3; 17.4 and 12.9; 16.4 and 11.5 and 17.9 and 9.8 years respectively.

Without very strong attachment to identities, people do not support movements and mobilise.

One could argue that internal colonialism and material inequality between regions was the factor behind the separatist conflicts. However, even the notion of internal colonialism recognises unequal development between regions belonging to minority groups and other regions or the centre dominated by another ethnic group(s) (Hechter 1999). Thus, this notion does not negate the argument of the paper either, especially because separatist mobilisations have taken along ethnic lines. Even if we acknowledge that internally colonised populations of developed countries are better off materially compared to citizens of developing countries, we can clearly see that material wellbeing in developed countries did not lead to the dissolution and disappearance of ethnic and regional identities. This takes us to the case of relatively well-off groups engaging in identity-based conflicts, both in developing and developed countries.

### ***Mobilisation of Well-To-Do Groups***

Horowitz (1985, Chapters 5 and 6) has pointed out that better-off groups also engage in ethnic conflicts, including in secessionist movements, as pointed out above. The Ibo and Yoruba in Nigeria, Tamils in Sri Lanka, the Baluba (Kasai) in Zaire, Sikhs in India, Basques and Catalans in Spain, the Baganda in Uganda, the Lozi in Zambia, Kabyle Berberbs in Algeria, the Quebecois in Canada, the Santa Cruz autonomy movement in Bolivia, the advanced northern region in Italy, and advanced groups in advanced regions in Russia are some examples of such groups and regions engaged in ethnic/regional mobilisations, including separatist movements (Horowitz 1985; Bermeo 2004, 458). Even though backward groups in backward regions might mobilise earlier and more frequently, mobilisation of advanced groups in backward regional economies or advanced regional economies as well as in developed countries shows that economic well-being does not prevent ethnic mobilisation.

The Nepali experience itself also supports the thesis that materially well-off and politically advantaged and privileged groups also mobilise. During the constitution-making process (2008-15), the Khas Arya mobilised to a considerable degree when they perceived that their social, political, cultural, and economic privileges were under threat (Lawoti 2012). In fact, the major grievance among many Khas Arya was the catego-

**Table 1: Very High HDI Countries (2017), Ethnic Diversity (2003) and Accommodative Institutions**

HDI Rank (Index)	Country	EFI	Diversity Category	Federalism	Autonomy	Electoral Method
1 (0.953)	Norway	0.0586	Less		Yes	PR
2 (0.944)	Switzerland	0.5314	Significantly	Multi-ethnic		PR
3 (0.939)	Australia	0.0929	Less	Mono-ethnic	Yes	FPTP/M
4 (0.938)	Ireland	0.1206	Less			PR
5 (0.936)	Germany	0.1682	Less	Mono-ethnic	Yes	PR
6 (0.935)	Iceland	0.0798	Less			PR
7 (0.933)	Sweden	0.062	Less			PR
8 (0.932)	Singapore	0.3857	Somewhat			FPTP/M
9 (0.931)	Netherlands	0.1054	Less		Yes	PR
10 (0.929)	Denmark	0.0819	Less		Yes	PR
11 (0.926)	Canada	0.7124	Significantly	Multi-ethnic		FPTP/M
12 (0.924)	USA	0.4901	Somewhat	Mono-ethnic	Yes	FPTP/M
13 (0.922)	UK	0.1211	Less		Yes	FPTP/M
14 (0.920)	Finland	0.1315	Less		Yes	PR
15 (0.917)	New Zealand	0.3969	Somewhat		Yes	PR
16 (0.916)	Belgium	0.5554	Significantly	Multi-ethnic		PR
17 (0.916)	Liechtenstein	0.5726	Significantly			PR
18 (0.909)	Japan	0.0119	Less			Semi PR
19 (0.908)	Austria	0.1068	Less			PR

(Continued...)

<b>HDI Rank (Index)</b>	<b>Country</b>	<b>EFI</b>	<b>Diversity category</b>	<b>Federalism</b>	<b>Autonomy</b>	<b>Electoral Method</b>
20 (0.904)	Luxembourg	0.5302	Significantly			PR
21 (0.903)	Israel	0.3436	Somewhat			PR
21 (0.903)	South Korea	0.0392	Less		Yes	Semi PR
23 (0.901)	France	0.1032	Less		Yes	FPTP/M
24 (0.896)	Slovenia	0.2216	Less			PR
25 (0.891)	Spain	0.4165	Somewhat	Multi-ethnic		PR
26 (0.888)	Czech Republic	0.3222	Somewhat			PR
27 (0.880)	Italy	0.1145	Less		Yes	PR
28 (0.878)	Malta	0.0414	Less			PR
29 (0.871)	Estonia	0.5062	Significantly			PR
149 (0.578)	Nepal	0.6632	Significantly	Mono-ethnic		Semi PR

Source: UNDP (2019), Alesina et al (2003) and others.

Hong Kong has been removed from the list since it is not an independent country. PR = Proportional Representation; FPTP/M = First Past the Post/Majoritarian



risation of their group as 'Other'.<sup>16</sup> It is beyond this paper to discuss the different aspects of the Khas Arya mobilisation but what that mobilisation made clear was that the materially well-off, politically advantaged, socially privileged, and culturally dominant groups also mobilise.

Viewed from another angle, the mobilisation of materially well-off groups further demonstrates the weakness of the argument that economic development and material well-being would make ethnic issues irrelevant. Forming a cohesive identity or strengthening of an identity is necessary for mobilisation. If material well-being would eliminate or reduce ethnic identities, the advanced groups' ethnic identity should have disappeared or become insignificant, and they would not, or could not, have organised and mobilised along ethnic lines.

### ***Accommodation of Ethnic Diversity in Developed Countries***

Another, and a more direct, method to test the question whether ethnic differences should be ignored, discouraged or undermined in the path toward prosperity is to look at whether developed countries rejected or adopted accommodative institutions and policies on their path toward prosperity. If these countries had not adopted institutions that explicitly recognised and accommodated identity, such as multi-ethnic federalism and autonomous units for small, populated minorities that facilitate self-governance, they could be said to have ignored or rejected ethnic differences in their march toward prosperity. If, on the other hand, they had adopted autonomous units and multi-ethnic federalism, they could be said to have become prosperous with the contribution of those institutions.

As a third accommodating institution, we can consider the proportional representation (PR) electoral method. The PR system accommodates minorities indirectly by facilitating representation of minority group-based political parties since, if the threshold is low, it can provide seats to such parties. However, sometimes the impact of PR on accommodation could be

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<sup>16</sup> The Election to the Members of the Constituent Assembly Act, 2007 had used the term to refer to everyone else not specifically mentioned in Schedule 1 of the Act. The 2015 Constitution labelled the group as the Khas Arya and defined the group in multiple articles while a similar courtesy was not accorded to the marginalised groups.

none, at other times not so significant for minority groups because population size matters in elections. And can even be negative if the dominant ethnic group uses the PR system to co-opt minority leaders and activists.<sup>17</sup>

Of these three institutions, autonomy through multi-ethnic federalism is the most empowering and accommodating since it allows minority populations self-governance over a territory. Some countries like Belgium and India have what is known as non-territorial or sociological federalism but that institution has not been taken into consideration in this paper.<sup>18</sup> Nevertheless, we have to recognise that there are countries that have adopted additional forms of accommodative institutions, such as affirmative action policies/quotas/reservation, rights over land (for indigenous peoples), grand coalitions, proportional distribution of resources, and veto power over group-specific issues (Lijphart 1977; Kymlicka 1995).

We will examine the *Less Diverse*, *Somewhat Diverse* and *Significantly Diverse* developed countries to see if they have adopted accommodative institutions. Of the 29 countries in our list, 16 (55%) have adopted multi-ethnic federalism and/or autonomous units.<sup>19</sup> Twenty-one countries have adopted PR electoral method while one has a semi-PR system in place. In sum, 28 of the 29 countries have either multi-ethnic federalism, autonomous units, or PR/semi-PR institutions. The city-state of Singapore stands out as the only exception. This reveals that a very high number of developed countries, even the *Less Diverse* and *Somewhat Diverse* ones, have adopted at least one accommodative institution.<sup>20</sup> What is significant here is the fact that

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<sup>17</sup> PR's consequence has been mixed in Nepal in terms of marginalised groups. It has facilitated more proportionate representation of small political parties but also enabled bigger parties to co-opt minority leaders and activists.

<sup>18</sup> Groups that are territorially dispersed are given the right to live their lives based on their ethnic/religious values and norms (Coakley 2016). For example, religious minorities in India can choose to regulate their lives based on their religious personal law wherever they live in India. Non-federalist autonomous units are less empowering and less secure than territory-based federalist autonomies but they, nevertheless, recognise identity differences and accommodate the group-differentiated rights of dispersed minorities.

<sup>19</sup> Three countries with mono-ethnic federalism have adopted autonomous units. The autonomy data is from 'List of autonomous areas by country', Wikipedia, accessed in early September 2019.

<sup>20</sup> 10 of the 18 *Less Diverse* Countries (Norway, Australia, Germany, the Netherlands, Denmark, the UK, Finland, South Korea, France and Italy) provided autonomous units. Of the six *Somewhat Diverse* countries, one (Spain) adopted multi-ethnic federalism

many countries adopted these institutions even before they developed.<sup>21</sup>

This discussion has demonstrated that even *Less Diverse* and *Somewhat Diverse* developed countries have recognised identities of minorities and accommodated them either through federal or non-federal autonomy or the PR electoral method. The question is not whether countries can afford to ignore ethnic diversity but rather that developed countries adopted institutions to accommodate ethnic diversity to establish and maintain peace and stability, without which economic development would not have been possible. Weingast (1995) and his colleagues have argued that federalism facilitates prosperity by enhancing competition among provinces. In fact, if we synthesise the earlier discussion on separatist movements, which were defused with the provision of autonomous provinces or more power devolved to the provinces, with this section, we can say that if ethnic diversity had not been recognised and accommodated, including through non-federal autonomous arrangements, even developed countries may have faced the spectre of conflict.<sup>22</sup>

### ***Successful or Failed Assimilation Policies?***

We will now examine the issue from an opposite angle, which will make the study even more robust. Did the developed countries that adopted assimilation policies succeed (or fail) in eliminating ethnic diversity? If countries that adopted assimilation policies (and rejected accommodation of ethnic diversity) continue to do so, then one could argue that assimilation policies could also be one route to prosperity despite the costs incurred during the process. On the other hand, if countries that initially adopted assimilation policies had to reform and adopt accommodative institutions and policies to accommodate various ethnic groups at a later

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while two (the USA and New Zealand) awarded autonomous units. Israel and Czech Republic have proportional electoral system while Singapore has a mixed electoral method. Of the 29 countries examined here, 12 countries (Norway, Australia, Germany, the Netherlands, Denmark, the USA, the UK, Finland, New Zealand, South Korea, France, and Italy) have provided autonomies.

<sup>21</sup> Even if we discount recently established autonomous arrangements, it would not make a significant difference to the assessment.

<sup>22</sup> Countries like the Netherlands managed its sectarian conflict with non-federal accommodative institutions (Lijphart 1976).

stage, then we can say that the assimilationist approach failed.

Scholars for a long time considered the UK and France as epitome of countries with successful assimilation policies (see Lijphart 1999 for the UK; for France, see Weber 1976). They adopted and promoted universal public policies and majoritarian institutions that did not recognise ethnic diversity (or, if they did, only to a minimal extent). Both countries became wealthy and enjoyed social protection policies.<sup>23</sup>

However, as pointed out above, both these countries had to conduct referenda to address secessionist movements. The separatists lost only after the central government devolved significant power and recognised ethnic diversity as mentioned above. Both countries have adopted significant power-sharing and accommodative institutions that recognised different ethnic identities in recent decades. The UK awarded autonomy and regional parliaments in 1999 to Scotland, Wales, and Northern Ireland, explicitly recognising different nationalities.

France is not far behind. In fact, it has provided autonomy more frequently to groups and regions in the last two decades, beginning with autonomy for New Caledonia in 1999. Since then, it has declared 10 other autonomies: Saint Martin (in 2007), Saint Barthelemy (2007), Saint Pierre and Miquelon (2003), Wallis and Futuna (2009), French Polynesia (2004), Mayotte (2011), French Guiana (2015), Martinique (2015), Corsica (2018), and Alsace (2021). This discussion of events in countries many considered successful in assimilation further shows that even wealth and strong social protection policies are not enough to eliminate ethnic identities. In fact, assimilation policies became counterproductive as they generated powerful identity-based movements, including separatism, in both countries.

France and the UK are not alone. More diverse countries like Belgium (*Significantly Diverse*) and Spain (*Somewhat Diverse*) ditched unitary and assimilationist policies and eventually adopted multi-ethnic federalism and other power-sharing institutions to accommodate diversity. While federalism evolved over the years in Belgium that initially began with other forms

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<sup>23</sup> The UK and France are both *Less Diverse* countries based on the Ethnic and Linguistic Fractionalisation index (see Table 1). The UK is *Significantly Diverse* along RFI while France is *Somewhat Diverse*.

of power-sharing institutions, unitary Spain adopted multi-ethnic federalism to settle separatist movements. The reforms changed the character of the states and made them more inclusive than before. This discussion clearly shows that the assimilationist policies failed.

Some could argue that perhaps the assimilation policies and institutions are necessary at the initial stage of development. The history of ethnically diverse countries like Switzerland, Canada, and Belgium does not support such arguments. These countries were agricultural and underdeveloped initially and became prosperous after adopting accommodative institutions.

On the other hand, we can only speculate about the costs of forceful assimilation over centuries not only to the minorities but also to the prosperity and well-being of all citizens of non-accommodative countries through wastage of resources on internal security, the resulting opportunity cost, and missed contribution by the persecuted minorities. Others could argue that those countries faced challenges only during their economic downturn or crises, and not when they were doing well as global powers. Even if we were to accept this argument, no country in the world is immune from periodic financial or other difficulties and crises, and few integrationists may disagree about the need for all countries to have robust institutions that keep them united not only during times of economic growth but during downturns as well, and not break up like the USSR and Yugoslavia did during economic crises.

### ***Sectional Summary***

Some econometric studies have shown that the economy has performed well in homogenous countries, leading some to erroneously think that countries have to be made homogenous to progress. As discussed above, such assimilation policies have eventually failed. Even *Less Diverse* countries addressed or had to eventually recognise and accommodate their societal diversity. Assimilation policies are, in fact, very dangerous because they breed dissatisfaction and exacerbate conflict. The underlying reason behind the poor economic performance of many heterogenous countries is assimilationist institutions and policies. The conflicts that emerged due to the exclusion of different ethnic groups and the lack of accommodative institutions and

policies of the state destabilised the polities and derailed economic growth. In contrast, diverse countries like Switzerland, Belgium, Canada, and Spain have become prosperous after establishing peace and stability through the adoption of institutions that accommodate ethnic diversity.

The discussion on developed countries with better social protection policies has amply demonstrated that ethnic diversity has not disappeared. In fact, many developed countries, including those that are less diverse, have adopted ethnic diversity accommodating institutions to maintain peace. On the other hand, ethnic conflicts have occurred even in developed countries with robust social protection policies. Materially better-off groups, too, have engaged in ethnic mobilisation, including secessionist movements. Conflicts and mobilisation occurred not only in highly ethnically diverse countries but also in less diverse countries many scholars had long considered to have been successful at implementing assimilationist institutions and policies. This shows that attempts to assimilate ethnically diverse groups through universal policies do not work even in less diverse countries. It negates the strong but faulty assumption among a section of Nepali polity and society that universal social protection policies are adequate for a diverse society to attain prosperity. This clearly suggests that relevant academic literature and experience of the developed countries have not informed the assumptions made in Nepal by an influential section of the academia, media, and politics.

## **VARIED SOCIAL PROTECTION AND VARIED POLITICAL AND ECONOMIC OUTCOMES IN DEVELOPING COUNTRIES: THE CASE OF SOUTH ASIA**

Comparing developed countries has been useful to show that those countries generally adopted accommodative institutions and policies on their path toward prosperity. But that is not adequate to understand how ethnically diverse developing countries in a different epoch and context might fare if they were to emphasise social protection policies and ignore or attempt to repress ethnic diversity. For that, we need to compare ethnically diverse developing countries that have adopted higher and lower social protection policies. That would allow us to examine whether higher social protection policies contributed to eliminating or managing ethnic diversity

or whether violent ethnic conflicts emerged despite high social protection policies.

Ideally, for our purpose, we should look at countries that are more similar to Nepal. Comparing Nepal to other countries of South Asia that are ethnically diverse but with varying social protection policies would be very appropriate methodologically. These countries share similar economic, social, cultural, and historical contexts but have adopted different political institutions that have produced different outcomes (e.g., civil war vs no civil war, integration vs disintegration). This allows us to test whether the different outcomes were the result of different policies and institutions.

Tables 2 and 3 provide the social protection index (SPI), ethnic fractionalisation index (EFI), and other relevant data for five South Asian countries as well as two comparator countries that have attained prosperity. The column on the extreme right in Table 3 shows the outcomes of policies related to ethnic diversity in the five countries while the column before that lists the presence or absence of substantive accommodative institutions and policies.

Among the five indices provided by Alesina et al and Fearon (Table 2), India is the most diverse in South Asia (*Very Diverse* under two indices, *Significantly Diverse* under one index, and *Somewhat Diverse* under two). Nepal is the second most diverse country, scoring *Significantly Diverse* in four indices and *Less Diverse* in one. Pakistan is the third most diverse with *Significantly Diverse* in three and *Somewhat Diverse* in two. Sri Lanka falls into the *Somewhat Diverse* under all five indices, mostly on the upper range of the category. Bangladesh is the least diverse with *Homogenous and Less Diverse* in all five indices, and thus, not very useful for the purpose of our analysis. That is the reason for excluding Bangladesh from the systematic comparison.

Sri Lanka has the highest SPI for the two periods for which data is available. India also had reasonably high SPI, especially during the early years. Nepal and Bangladesh fall in the middle rank while Pakistan has the lowest SPI. Based on these indices, we can consider Sri Lanka and India as having good social protection policies and Pakistan as having very poor policies; Nepal falls in between. I will compare India, Sri Lanka, and Pakistan in this section to draw lessons for Nepal.

**Table 2: Fractionalisation and Social Protection in South Asia**

Country	Fractionalisation Index					Social Protection Index (SPI)				
	Fearon (2003)		Alesina et al (2003)			2008 Publication (for early 2000s)	2013 Publication (for 2009)			
	EFI	CDI	EFI	LFI	RFI	Overall SPI (Rank)	Overall SPI	Social Insurance	Social Assistance	Labour Market Programmes
Bangladesh	0.223	0.141	0.0454	0.0925	0.209	0.33 (17)	0.043	0.020	0.038	0.164
Bhutan	0.605	0.518	0.605	0.605	0.3787	0.17 (26)	0.036	0.025	0.055	0.001
India	0.811	0.667	0.4182	0.8069	0.326	0.46 (10)	0.051	0.019	0.044	0.250
Maldives						0.28 (21)	0.073	0.052	0.131	0.011
Nepal	0.677	0.542	0.6632	0.7167	0.1417	0.19 (24)	0.068	0.098	0.055	0.014
Pakistan	0.532	0.289	0.7098	0.719	0.3848	0.07 (30)	0.047	0.104	0.017	0.012
Sri Lanka	0.428	0.386	0.415	0.4645	0.4853	0.47 (9)	0.121	0.227	0.036	0.037
South Korea	0.004	0.004	0.0392	0.0028	0.4891	0.76 (2)	0.200	0.216	0.181	0.059
Malaysia	0.596	0.564	0.588	0.597	0.6657	0.35 (14)	0.155	0.281	0.026	0.004

Source: ADB (2013); Baulch et al (2008); Fearon (2003); Alesina et al (2003); UNDP (2019) and Oberst et al (2014).

**Notes:**

ILO provides expenditure % on social protection policies. The 2008 SPI rank is for 31 countries.

Data on South Korea (*Homogenous*) and Malaysia (*Significantly Diverse*) are provided for the purpose of comparison.

EFI = Ethnic Fractionalisation Index; CDI = Cultural Diversity Index; LFI = Linguistic Fractionalisation Index; RFI = Religious Fractionalisation Index



**Table 3: Ethnic Diversity and Class Status and their Management and Consequences in South Asia**

Country	Literacy, 1950	HDI (Rank) 2017	GDP per capita		EFI, 2003	SPI		Ethnic composition of state	Outcome
			1960, USD	2017, USD		Early 2000s*	2009#		
<b>Sri Lanka</b>	62.5	0.770 (76)	142.78	4,065.22	0.415 Somewhat diverse	0.47	0.121	Mono-ethnic state in multi-ethnic society	Long ethnic civil war; democratic erosion; pros- perity hindered
<b>India</b>	19.3	0.640 (130)	81.19	1,939.61	0.418 Somewhat Diverse	0.46	0.051	Multi-ethnic state in multi-ethnic society	Democracy and state con- solidation despite numerous challenges; on path to prosperity
<b>Nepal</b>	3	0.574 (149)	50.31	835.08	0.6632 Significantly Diverse	0.19	0.068	Mono-ethnic state in multi-ethnic society	Ethnic/caste inequality; conflict exacerbation?
<b>Pakistan</b>	13.8	0.562 (150)	82.4	1,547.85	0.7098 Significantly Diverse	0.07	0.047	Mono-ethnic state in multi-ethnic society	State disintegration; non- democratic for a long time; crisis state?
<b>South Korea</b>	37.5	0.903 (22)	158.24	29,742.8 4	0.0392 Homo- genous	0.76	0.200	Mono-ethnic state in mono-ethnic society	Rapid prosperity
<b>Malaysia</b>	37.5	0.802 (57)	234.94	9,944.9	0.588 Significantly diverse	0.35	0.155	Multi-ethnic state in multi-ethnic society	Peace and prosperity

Source: UNDP (2019), the World Bank (2019); ADB (2013); Baulch et al (2008); Cronin (2013); Alesina et al (2003).

Notes: HDI = Human Development Index; EFI = Ethnic Fractionalisation Index; SPI = Social Protection Index; \* published 2008; # published 2015

I first compare Sri Lanka and India, two countries with the highest SPI in the subcontinent but with different approaches regarding management of ethnic diversity. The outcomes regarding identity issues in the two countries also vary dramatically: relative peace and consolidation of democracy in India versus ethnic civil war and erosion of democracy Sri Lanka. The comparison points to a number of significant findings. First, it becomes clear that the highest level of social protection policies in South Asia did not result in the elimination of ethnic diversity in Sri Lanka nor prevention of a three-decade-long protracted violent conflict that affected the whole country.

India, of course, has not been a land of peace and harmony. It has faced occasional riots and violent conflicts but avoided a protracted, violent, ethnic civil war that affected the whole country. The riots and violent conflicts have been confined to certain areas, such as cities in certain regions (Varshney 2001) and large parts of the country have been largely unaffected. This leads us to the second point: what did India do differently than Sri Lanka that enabled it to avoid protracted violent ethnic conflict? India explicitly recognised the linguistic, ethnic, and religious identities of marginalised groups and adopted institutions to accommodate them while Sri Lanka largely rejected accommodative institutions to strengthen the hold of the dominant ethnic group.<sup>24</sup>

### ***High Social Protection but Violent Ethnic Civil War in Sri Lanka***

This section will briefly trace Sri Lanka's history to demonstrate the causal mechanism of the violent ethnic civil war. The SPI data in the table for Sri Lanka are for the 21st century but the country had instituted social protection policies even in the colonial period. It had one of the most extensive social protection policies, such as subsidised food for poor people, extensive health care, pension, high quality and cheap K-12 and higher

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<sup>24</sup> On the other hand, higher SPI in Sri Lanka and comparatively lower SPI in India correlate to Sri Lanka's ability to repress the class-based Maoist rebellion while India has not been able to do so. The less support of the people for the Maoists in Sri Lanka compared to India may have been due to higher social protection policies that prevented high alienation among the people from the government. The differential mass support level towards the Maoists may have been the intervening variable that affected effectiveness of the respective states.

education, etc, among developing countries (Kohler et al 2009). Scholars like Amartya Sen used to cite the country as an example of the path developing countries should pursue (Sen 1998).

Despite the positive work on social protection policies, Sri Lanka made a grave mistake on its ethnic policy. It attempted to ignore and undermine the ethnic diversity of the country. Instead of accommodating ethnic diversity, it attempted to impose a mono-ethnic state. After independence, for example, the Sinhalese Buddhist made their language, Sinhala, the governing language in the 1950s despite the demand for a dual language policy as per the pre-independence understanding. The policy disproportionately reduced the recruitment of Tamils into the civil service. During the 1970s, the ruling ethnic group privileged their religion, Buddhism, by according it the foremost place in the new Constitutions (DeVotta 2004; Tambiah 1986). The underlying reason for such policies was the belief in the nation-state model, which promotes homogenisation (Anderson 1991; Gellner 1983) and ignores or even discourages accommodation of diverse ethnic groups. It is based on the efficacy of 'universal' policies. These policies benefitted the ruling groups at the cost of the minority Tamils. The permanent majority status of Sinhalese Buddhists (around 70 per cent of the population) facilitated the adoption of discriminatory policies. The Sinhalese always led and dominated the government after independence. The Tamils, a permanent minority (around 20-25 per cent of the population when Sri Lankan Tamils, Indian Tamils and Tamil-speaking Muslims are taken together), realising that they would never be able to gain the majority at the centre to influence the decision-making process in order to address their problems, needs, concerns, and aspirations, demanded autonomy through federalism for self-governance.

The governing Sinhalese Buddhist elite, under pressure from Sinhalese nationalists, did not implement federal autonomy despite reaching several agreements with the Tamil leaders. By the 1970s, Tamil citizens had become frustrated with the moderate Tamil leaders for failing to deliver autonomy. In the late 1970s and early 1980s, the separatist Liberation Tigers of Tamil Eelam began to gain support from the frustrated and alienated Tamil population. They subsequently launched a protracted violent separatist movement that lasted three decades (Oberst et al 2014). Both

sides invested huge resources on fighting each other. Besides the huge human cost of death and destruction, common citizens' freedom and civil liberties were constrained due to the more than three-decade-long state of emergency. Sri Lankan society continues to be burdened by the residual impact of the civil conflict, including communal animosity between the two major groups, militarisation of state and society, and erosion of democracy.

Beyond the failure of the high level of social protection policies to eliminate ethnic identity, the Sri Lankan case demonstrates that the policy of ethnic domination through assimilation and non-adoption of minority accommodating institutions contributed to the emergence and persistence of the violent ethnic civil war. Instead of disappearing, the policies initially contributed to the hardening of ethnic identities and eventually to the ethnic civil war.

### ***Opportunity for Prosperity Missed***

Sri Lanka had to bear another important consequence of its mono-ethnic policy. It missed a golden opportunity to rapidly attain economic prosperity. This will become clearer if we compare Sri Lanka with South Korea and Malaysia, two countries that were at similar levels of economic development in the 1950s but have since rapidly developed.

Sri Lanka had the necessary conditions for rapid economic development at the time of its independence in 1948. Literacy and skilled human resources have been attributed for the rapid development of East Asian countries. In the 1950s, Sri Lanka had a literacy rate (62.5 %) nearly double that of South Korea (37.5 %), with both at similar stages of economic development. Likewise, Malaysia also had a much lower literacy rate (37.5%) than Sri Lanka even if its economy was slightly better. Sri Lanka also had an effective state, which many scholars, including those studying East Asia, consider as an important factor for rapid economic development (Evans 1995; Kohli 2004). Anecdotal stories abound about how South Korea and other East Asian countries looked up to Sri Lanka during the 1950s and 60s since many believed it was bound to prosper rapidly.

After half a century and more, the situation has reversed. Sri Lanka has remained a developing country and looks up to the East Asian countries, which have far outpaced it in development. South Korea's (USD 38,868) and

Malaysia's (USD 29,511) GDP (PPP) per capita in 2017 were, respectively, around three and two times higher than that of Sri Lanka's (USD 12,863). South Korea did not face the challenge of ethnic diversity in its path towards development but Malaysia did. Malaysia is even more ethnically diverse in all the realms (ethnicity, culture, language, and religion) than Sri Lanka.<sup>25</sup> Malaysia, however, adopted accommodative institutions like federalism, power-sharing between ethnic groups, and affirmative action. They helped to establish peace, which created the appropriate conditions for rapid economic development.

What held Sri Lanka back despite its rosy potential? The long civil war as well as the previous decades of ethnic conflict, which occasionally resulted into riots and other forms of violent activities, hindered Sri Lanka from using its educated and skilled human resources to develop the country rapidly. As we discussed above, the refusal to accommodate ethnic diversity was the cause behind the heightened conflict. The majority ethnic group members in Sri Lanka forced the state to deny minority rights and crush the minority Tamils; resources were deployed to kill each other instead of being used for the development of the country.

### ***Accommodation of Ethnic Diversity and Consolidation of Unity and Democracy in India***

India is much more diverse than Sri Lanka in all the four sub-arenas of ethnicity, culture, language, and religion but did not face heightened ethnic civil war like Sri Lanka. Many people believed that India would disintegrate due to its extreme socio-cultural diversity. Likewise, democratisation theories state that it is very difficult to consolidate democracy in poor and diverse societies (Przeworski et al 2000; Diamond 1992; Horowitz 1994; Lijphart 1977), but India is one of the few exceptions that overcame challenges from both the poverty and diversity fronts and went on to consolidate democracy as well as integration of the country. How did India achieve it?

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<sup>25</sup> Bangura (2006) and Bates (1999), on the other hand, have argued that chances of violent ethnic conflict are higher in bipolar societies where one ethnic group is a majority or effective plurality, due to which it perceives it can effectively repress minority group/s.

We know from the Sri Lankan case that India's relatively good social protection policies alone could not have prevented civil strife.<sup>26</sup> We have to look beyond it and enquire what India did differently than Sri Lanka. Unlike Sri Lanka, India built a multi-ethnic state that recognised, protected, and enhanced rights of different socio-cultural groups through accommodative institutions and policies such as multi-ethnic federalism that awarded autonomy to ethnic and linguistic nations,<sup>27</sup> reservation policies that ensured political and administrative representation as well as admission of Dalit and tribals into public universities (and later to 'Other Backward Classes'), declaration of the state as secular that recognised various religious groups as equal, and non-territorial federalism that allowed small religious communities to govern themselves based on their faiths, and so on (Lijphart 1996; Guha 2007; Manor 1998; Mahajan 1998).

Scholars, including those like Kohli (1997) who are unenthusiastic about identity issues, have recognised that linguistic and ethnic federalism contributed to keeping India integrated by taming or ending separatist movements. After Nehru reluctantly agreed to adopt linguistic federalism, the Tamil separatist movement slowly petered out as Tamil Nadu, the province created for and named after Tamil speakers, gave a sense of pride to Tamils and allowed their elected leaders in the province to address their material and non-material needs, concerns, and aspirations. Likewise, the Indian state settled separatist and nationalist movements in Punjab, the Northeast, and other regions by carving out

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<sup>26</sup> India's extensive social protection policies contributed in managing class-based dissatisfaction from boiling over. The SPI in the tables depict the policies and conditions after the liberalisation of India in early 1990s when it pared down many social protection programmes. India had more extensive social protection policies in its more socialist regime during the 1950-1980s.

<sup>27</sup> The Indian leaders initially rejected multi-ethnic/linguistic federalism, like in Sri Lanka and Nepal. Nehru, being a modernist, favoured 'administrative' federalism as he considered federal demarcation along linguistic lines as backward-looking. He manoeuvred to scuttle the demands for linguistic federalism by forming consecutive committees that rejected multi-ethnic federalism. However, after the persistence and spread of linguistic movement in South India and the death of a Gandhian during a fast unto death protest, he was no longer able to stand his ground and reluctantly agreed to demarcate provinces along linguistic lines (Guha 2007). Subsequently India carved out provinces and autonomous units along ethnic lines in Northeast and elsewhere.

provinces and autonomous units to enable self-governance among different ethnic groups in their homelands (Manor 1998; Adeney 2006).

However, India is not problem free. Its policies have exacerbated conflicts in regions like Jammu and Kashmir. Why did some ethnic movements, including separatists, die down in different parts of India while others, like in Jammu and Kashmir, grow? The contradictory policies in different provinces explain the differential outcomes. It also provides additional support to the argument that attempts to repress and undermine ethnic differences creates problems while accommodation leads to peaceful coexistence.

Unlike in most other regions, the Indian state did the opposite in Muslim-majority Jammu and Kashmir.<sup>28</sup> Whereas the Indian central state awarded more powers to different provinces to settle the nationalist movements, central interventions frequently attempted to undermine the asymmetric power awarded to Jammu and Kashmir at the time of its accession to India. The dissatisfaction in Kashmir, which had remained peaceful for decades under that asymmetrical arrangement, reached such a level by the late 1980s that violent protests emerged (Ganguly 1996), and the region has not returned to normalcy ever since. Different organisations in Kashmir have launched multiple movements against the centre with various aims. Some are against frequent central interventions and want to regain autonomy while others seek independence or merger with Pakistan. The Indian government and some scholars see the hand of Pakistani intelligence in the Kashmir resistance. Even if there is some truth to it, external actors cannot do much unless fertile conditions exist within a country to be exploited.

Recently, especially after the re-election of the Hindu nationalist leader Narendra Modi and his party, the Bharatiya Janata Party (BJP), the central government ended asymmetrical autonomy enjoyed by Jammu and Kashmir and split the province through constitutional amendment, among other intolerant policies. The move received broad popular support elsewhere in India but if one were to go by global experience as well as that of India, it

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<sup>28</sup> India has been less sympathetic and less accommodating to other border regions as well, such as Nagaland in the Northeast, where the presence of federal security forces is very high.

is more likely to backfire as it further alienates residents of Kashmir. BJP may have won in the short run but India may lose in the long term. The likelihood of Kashmir splitting away from India has increased with the recent government policies.

The comparison of India with Sri Lanka as well as its experiences within shows that provision of autonomy and other accommodative institutions helped to prevent and manage conflict (Punjab, Mizoram, etc) while encroachment of autonomy (Jammu and Kashmir) led to increase in conflict. If India had not recognised ethnic, linguistic, caste, and religious diversity and constructed institutions to accommodate different groups, the country may not have remained united nor a functioning democracy due to challenges posed by its socio-cultural diversity. Finally, with regard to the issue analysed in this chapter, while social protection policies were necessary for maintaining class-based dissatisfaction within manageable limits in India, it did not lead to the disappearance of ethnic identities.

### ***Weak Social Protection Policies and Accommodative Institution and Disintegration of Pakistan***

The analysis of Pakistan, which has the lowest average SPI in the subcontinent, suggests that having both low SPI, which could fuel class-based discontent, and non-accommodation of ethnic diversity substantially could be a recipe for disaster. Pakistan disintegrated in 1971 after West Pakistan attempted to exclude and repress Bengalis of East Pakistan who spoke a different language and culture (Adeney 2006; Oberest et al 2014). The result was a violent independence movement and the creation of Bangladesh out of East Pakistan.

The Baluch separatist movement, which the Pakistani state has violently repressed, continues today. Pakistan does have federalism, due to which it looks as if it has attempted to accommodate minorities. However, it is a form of pseudo-federalism, where the centre controls most of the power, especially during periods of long military rule, but prior to and beyond that as well. The military in Pakistan has enjoyed a heavy presence in politics, economy, and society at other periods as well (Cohen 2006). Further, the population plurality of Punjab makes Pakistan a core-ethnic federalism, where a dominant group dominates federal politics. According



to Hale (2004) core-ethnic federations are highly likely to witness conflict because the dominant ethnic group decisively dominates the federal polity and undermines self-governance of other ethnic groups. That, in turn, breeds dissatisfaction and resistance from non-ruling ethnic groups, resulting in disintegration and severe conflict, as occurred in the former USSR and Yugoslavia, among others.

Here, it should not be forgotten that despite having poor social protection policies, Pakistan has not yet faced a high level of violent class-based rebellion as in India, Sri Lanka, and Nepal. It is beyond the scope of this paper to discuss why that may be the case but simmering dissatisfaction among the population is widespread (Giunchi 2011).

The case of Pakistan demonstrates that between ethnic accommodation and social protection policies, addressing the former is more important. The country disintegrated due to ethnic issues while despite inequalities and governance crises, the country has not yet encountered class-based violent rebellion. The South Asian comparison points out that ethnically diverse electoral polities that implemented social protection policies but rejected or refused to accommodate diverse ethnic groups have witnessed violent conflict and instability whereas the one that adopted social protection as well as identity-recognising and accommodative institutions and policies has engendered stability and development.

## **WHY MONO-ETHNIC STATES AND POLICIES PERSIST**

Ethnic accommodation often does not occur automatically, easily or smoothly in ethnically diverse societies. Members of the ruling ethnic group do not suddenly become enlightened one fine day and decide to adopt accommodative institutions. A large segment of the dominant group often resists attempts to adopt accommodative institutions, as seen not only in Nepal but Sri Lanka as well. Extensive pressure that can reach crisis level is needed to force powerholders to accept the need for changes. This is not a place to discuss how such pressures can be created. I will briefly discuss how and why politicians, policymakers, opinion-makers, and ordinary citizens from the ruling ethnic group oppose accommodation of marginalised groups and the reasons they provide for it.

The ethnic elite, whether schooled in Marxist or liberal traditions, often

fall back on theories of classical modernisation, which were popular during the 1950s and 60s, to rationalise and justify their opposition of inclusion and accommodation of diverse ethnic groups. The modernisation theory embraced the concept of nation-state without critically interrogating it and assumed that ethnic identities would disappear with subsequent progress of societies. However, the theory has failed miserably with regard to ethnic issues. Ethnic mobilisation has increased dramatically and ethnicity began to play a significant role in internal and international politics after the end of the Second World War (Horowitz 1985; Gurr 1993; Harff and Gurr 2004). For decades, the concept of nation-state, thus, has been roundly criticised for ‘destroying nations’ (Connor 1994) and exacerbating violent ethnic conflicts (Cederman and Girardin 2007; Gurr 1993; Wimmer 2013). The concepts have undergone major refinements and revisions since then, with some scholars claiming the advent of a power-sharing wave (Lijphart 2002). The ruling ethnic elites in Nepal, however, appear to be unaware of or not care about these theoretical revisions and developments. Accordingly, they still portray the demands for equality and justice by different marginalised groups as ‘ethnic’ in a derogatory sense and accuse people who question the faulty conception of the nation-state (aka mono-ethnic state) as separatists. Due to the deep entrenchment of such views through school curricula and ruling ethnic group-dominated media, a large number of Nepalis view ‘ethnic’ issues negatively.

The ruling ethnic group members have been able to perpetuate such a twisted discourse by manipulating and tweaking selective facts. For example, many people have seen on TV or read or heard of large-scale deaths and destruction from ethnic conflicts around the world. These massive numbers of deaths and destructions have mainly occurred in unitary nation-states (Anderson et al 1997; Saideman et al 2002), but the ruling ethnic-dominated media and leaders in Nepal have falsely blamed federalism. The repeated misinformation without factcheck by the media has established a false reality.

Even many academics not deeply engaged in the study of ethnic politics react strongly, albeit mistakenly, when discussing ethnic issues due to their liberal or Marxist training and socialisation that largely emphasise class

issues. They often consider anything to do with ethnicity negatively, including when marginalised groups raise the issue of ethnic inequality and injustice, and avoid engaging with it, overlooking the fact that Nepal has always been a mono-ethnic state since its formation (Lawoti 2012). This reluctance to engage with the mono-ethnic reality of the country even among academics has, unfortunately, facilitated its persistence, since in the absence of criticisms, engagements, and interventions, old practices and policies continue.

There is, however, more to opposition to accommodation and power-sharing than just being influenced by misguided worldviews and outdated notions of classical modernisation and nation-state. A major reason for opposition to accommodation of different ethnic groups, particularly among a significant section of the ruling ethnic group, is their ethnocentric agenda (Horowitz 1985; Kaufman 2006; Cederman et al 2010).

In Nepal, many Bahun (not all, and usually male, and a few others from other caste and ethnic groups) politicians, opinion-makers from media, civil and security service administrators, scholars and civil society leaders defend the mono-ethnic state. Advocating, promoting, and defending the concept of a nation-state in a multi-ethnic society is a mono-ethnic agenda. It is the attempt to protect, promote, and reinforce Khas Arya's values, norms, symbols and interests in the Nepali state and society.<sup>29</sup>

This chapter does not have space to elaborate on this phenomenon but one example may suffice. Many members of the Khas Arya group label social justice advocates and scholars of engaging in ethnic politics, in a derogative sense. When Dalits demand an end to oppression and call for equality, justice, substantive rights and resources, they are told that their engagement in ethnic politics will disturb the societal fabric. When indigenous nationalities demand autonomy, justice and access to resources, they are accused of engaging in ethnic politics that could disintegrate the country. When Madhesis demand equal citizenship rights, end to discrimination, equitable resources, and autonomy, they are told that they are

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<sup>29</sup> In a completely or near-homogenous society, the concept of nation-state may not become controversial since all or most people would share the same values, norms, language, and culture. However, in multinational societies, imposing and maintaining one ethnic group's norms, values, symbols, policies upon other groups is an act aimed at establishing ethnic hegemony and imperialism.

engaging in ethnic politics that will undermine the sovereignty of Nepal. When women demand equal rights, resources, and justice, they are charged with going against traditions and disturbing societal harmony. They even call social justice advocates who raise the issues of all marginalised groups, ethnic activists.

Many members of the ruling ethnic group, of course, do not support issues of any of the marginalised groups. Their aim is to thwart any reforms and changes that could challenge and undermine their ascriptive privileges and maintain the mono-ethnic state that ensures it. This type of discourse has become so prevalent through repeated coverage in the media and elsewhere that a large number of people have begun to believe in it. Thus, many people refuse or are unwilling to discuss anything labelled 'ethnic'. This successful strategy of shielding off discussion of ethnic issues has worked to prevent broader debates and discussions on the dominant ethnic group's mono-ethnic monopoly of the state, society and economy. The avoidance of discussing ethnic issues has only served to perpetuate mono-ethnic hegemony. The pervasive marketing of social protection policies in a multi-ethnic society without accommodation of ethnic diversity could also be another strategy to divert attention away from the reality of mono-ethnic domination.

## CONCLUSION

The first section of this paper analysed developed countries to show high levels of mobilisation there by ethnic groups, including by those well off. We also saw that developed countries that had been considered successful with assimilation policies had had to ditch them and reform their polity to recognise and accommodate ethnic diversity. Thus, we can conclude that prosperity does not lead to disappearance of ethnic identities. That section also showed that other developed countries had adopted multi-ethnic federalism and autonomous units to accommodate ethnic diversity. This demonstrates that to attain prosperity, diverse developed countries had to recognise and accommodate ethnic differences.

The comparative analysis of South Asian countries in the second section demonstrated that though social protection policies are necessary to

address economic inequality, they are not sufficient to manage ethnic diversity. It showed that countries that ignored or attempted to repress ethnic diversity either had to endure violent separatist movement (Sri Lanka) or disintegration (Pakistan) while countries that adopted accommodative institutions and policies (India) avoided ethnic civil war. Sri Lanka, which had highly suitable conditions for rapid economic prosperity, squandered the opportunity by provoking ethnic civil war while India established relative peace and stability with accommodative institutions and forged ahead with economic development. The South Asian experience shows that an emphasis on prosperity and social protection policies alone, especially with the aim of undermining the rights and needs of marginalised ethnic groups, in fact, could be very dangerous, as the Sri Lankan and Pakistani experience showed. This finding aligns with the experience of developed countries that non-recognition and non-accommodation of ethnic diversity exacerbates ethnic mobilisation.

Maintenance of mono-ethnic domination in Nepal may benefit the dominant group members in the short run but not over the long term. The conflict (violent as well as non-violent) may hinder development by diverting energy, resources and time away from where it needs to be invested. On the other hand, without all members of the society contributing as per their inherent abilities, countries have rarely achieved prosperity, and neither is Nepal, if exclusion continues, likely to attain prosperity as well. Further, if violent conflict emerges, it will directly harm almost all members of society. Since persistence of ethnic inequality and injustice often eventually lead to violent conflict, the movements of the marginalised groups of Nepal could lead to their becoming dangerous to ignore or repress them.

The lesson for Nepal and other ethnically diverse countries is that even though social protection policies are necessary, they are not sufficient. A mono-ethnic orientation of the state that attempts to undermine or repress ethnic diversity by focussing only on social protection policies in multi-ethnic countries is dangerous. States should actively recognise and respect ethnic diversity. Ethnically diverse countries have to build a multi-ethnic state by adopting accommodative institutions and policies if they want to prevent violent conflict, establish peace and stability, and promote prosperity.

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# Social Protection in Nepal

## Opportunities and Challenges

**Santosh Adhikari and Sujeet Karn**

### INTRODUCTION

In its very preamble, the Constitution of Nepal 2015 envisions an egalitarian society based on the following three broad pillars: inclusive economic development, equity, and democratic socialism. The new constitution has thus made a key departure from the past in addressing social exclusion by identifying inclusion, positive discrimination, and equity as integral parts of the social democratic constitutional agenda that would lead not only to economic but also cultural and social integration. The inclusion of marginalised and vulnerable groups in various government-run schemes is viewed as being fundamentally important to strengthen, expand and deepen democratic process and has been a priority for the Government of Nepal. This paper discusses the social security provisions in Nepal and their long-term sustainability in the changing demographic structure the nation is going to experience in the near future.

A large body of literature on social security suggests that social protection programmes play an instrumental role in raising the welfare of society in diverse ways. First, there are many individuals who are unable to plan for their old age and are vulnerable to reduced welfare due to lower consumption spending in their later years compared to the pre-retirement phase. Social security programmes such as pension plans can help such individuals optimise their welfare by improving their consumption-saving behaviour. Second, social security programmes are also instrumental for income redistribution among individuals based on lifetime earnings rather than a single year's earnings. Third, market failures leading to adverse selection due to asymmetric information begs for an active role of the government in providing social security. However, it is argued that due

care should be taken while designing social security programmes as they can lead to distortion of incentives.

In the case of Nepal, social protection programmes have an even more important role to play. In its modern history, social exclusion is often seen as the source of conflicts in the nation's prolonged socio-political transition. It is argued that there are mainly four kinds of exclusion prevalent in Nepal—social, financial, political, and cultural (SIRF 2009). These need to be addressed to enhance social inclusion and galvanise the post-conflict peace process and economic development. Social protection programmes that protect vulnerable groups can also upend deep-rooted structural problems.

The literature suggests that the success of social protection programmes depends on the relationship a state has with its citizens, and domestic and international policy processes that a state adheres to (Ghellab, Varela and Woodall 2011). Lack of political will is often cited as the reason social protection is not given due priority. Schüring and Lawson-McDowall (2011) argue that a more nuanced understanding of what shapes 'political will' in each country and how this affects the social protection landscape needs to be explored if social protection is to be strengthened. In the context of Nepal, all the major political parties have shown a strong commitment towards social security for vulnerable population groups despite their differences in political ideology (Drucza 2018).

Social security is integral for modern states and increasingly consumes a large portion of government budgets (see, for instance, Pallares-Miralles, Romero and Whitehouse 2012; Chetty and Finkelstein 2013). Although social security is still in its infancy in Nepal, the share of social security programmes in the public finance has been on the rise as well. Nepal has seen the expansion of different social security programmes after the introduction of a universal old-age pension scheme in 1994. There are programmes ranging from support for single women/widows to child protection along with programmes for marginalised ethnic groups. The recently introduced contribution-based social security system is the most expansive of all, while the Prime Minister's Employment Programme can also be viewed as a new initiative in the same direction.

This paper is an attempt to examine the present situation of social security in Nepal as well as the sustainability of these programmes in the

Nepali context. Drawing on the experiences of developed countries and the ongoing demographic transition, the paper delves into the sustainability of such programmes in the long run. It begins by presenting a short history and evolution of social security in developed countries, followed by a discussion on the different types of social security programmes in Nepal. The final section looks at the fiscal sustainability of social security programmes in light of the demographic transitions the country is experiencing before concluding.

## **EVOLUTION OF SOCIAL SECURITY IN OECD COUNTRIES**

Old-age pensions emerged in the late 19<sup>th</sup> century and expanded to most of the industrialised countries during the first half of the 20<sup>th</sup> century. The German government introduced old-age pensions for private sector employees in 1889. Under the German scheme, both employers and employees were required to make contributions and benefits were paid to disabled workers and to former workers beyond the age of 70. The German style of compulsory and contributory social security was adopted by Austria in 1910.

Meanwhile, other countries sought alternative approaches. For instance, Denmark introduced means-tested old-age pension financed by general revenue in 1891, and it was followed by New Zealand in 1898. Australia and Britain adopted a similar approach in 1908. The British system provided benefits to its citizens over 70 who were poor and who could pass a character test. The benefits under the British system were higher than under the German system and covered three times as many people (Feldstein and Liebman 2002). Canada also introduced a non-contributory means-tested system in 1927. Similar were social security programmes first enacted by state governments in the United States in the late 1920s. The Social Security Act of 1935 passed by the federal government created different social protection programmes, including unemployment insurance, aid to dependent children, old-age insurance and old-age assistance.

The coverage of social security programmes has since expanded in all these countries. For instance, in the United States, the social security system covered only 43 per cent of the workers in 1935 and had gone up to 96 per cent in 2002. The expansion of these programmes was possible due to

the rapid growth in government spending as a share of GDP that occurred in most of the industrial countries in the post-war period (Feldstein & Liebman 2002). Countries in the global south have also adopted different forms of social security programmes (see Dev et al. 2007, Bryant 2009, ILO 2010, Long 2012, Standing 2012, Kummitha 2015, and Sijapati 2017, among others).

Population ageing has posed increased pressure on public finance and the long-run sustainability of the pension system is in question (Conde-Ruiz and Profeta 2007; Kitao 2014). This has brought social security systems at the centre of both academic and policy debates in OECD countries in recent decades. The current political and academic debate is centred on how to reform the system in order to make it sustainable over the long run (Attanasio, Kitao and Violante 2007).

There are basically four types of social security systems currently in place in the OECD countries: Pay As You Go (PAYG) and Fully Funded (FF) social security schemes, each with a Defined Benefit (DB) or Defined Contribution (DC) rules (Börsch-Supan, Härtl and Leite 2016). In the PAYG system, the young generation contributes to the system and the older generation receives the benefits. In a DB system, the benefits are fixed. So, if the PAYG system is of the DB type, then the contribution rate of the younger generation adjusts to changing demographic patterns and the labour force. For instance, if the number of retirees increases relative to that of the workers, the workers have to contribute more to sustain the social security system. On the other hand, in a DC system, the contribution of the workers is fixed *ex ante* and thus the benefits of the retirees need to adjust to changing demographic and labour force parameters.

In an FF social security system, workers contribute to a fund during their working age, and receive interest on their accumulated capital which then finances their consumption during retirement. Generations in this system are only linked through the macroeconomic general equilibrium that determines the interest rate. This makes the FF system financially more sustainable compared to the PAYG system. However, the benefits of the system are conditional on whether the funds of system are invested in productive capital. In an FF system, the benefits of the retirees are determined by the market interest rate which is affected by demographics as

well as the labour force. For instance, population ageing leads to a shrinking of the labour force which tends to reduce the rate of return on capital. In an FF-DB system, the benefit is fixed *ex ante* and the government bears the risk associated with uncertain returns. On the other hand, in an FF-DC system, the contribution of the workers is fixed, and the retirement benefits adjust to the changing interest rates.

Different policy options have been floated for the reform of the PAYG social security systems. Some of these, termed parametric reform, include raising the social security tax, reducing the replacement rates of the benefits, and increasing the normal retirement age, among others. In recent periods, the relative sustainability of an FF system vis-à-vis the PAYG system has led to a shift from the latter to the former (Börsch-Supan, Härtl, & Leite 2016). Such reforms are typically called systemic or fundamental reforms. This has seen the birth of the Notional Defined Contribution (NDC) system in which contributions are defined *ex ante* and credited into an individual account which earns a notional interest which is the sum of the growth rates of the labour force and labour productivity. The accumulated contribution and the interest income are then converted to an annuity while retiring. Such a system is financially self-stabilising as the notional interest rate adjusts automatically with changing demographic and labour force participation patterns.

## **SOCIAL SECURITY AND PROTECTION IN NEPAL**

The history of social security allowance in Nepal dates back to 1994 when a cash transfer scheme of NPR 100 to all citizens aged 75 and above was first introduced. The programme was expanded to widows aged 60 and above and disabled persons in 1996. Since 2008/09, the government has been providing allowances to single women and members of endangered ethnicities. Successive governments have not only increased the monetary value of the allowances but also relaxed the eligibility criteria to qualify for such allowances. Currently, the threshold for old-age pensions is 70 years (Dalits and those from the Karnali region<sup>1</sup> qualify at a much younger age of 60).

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<sup>1</sup> The 'Karnali region' includes the five districts of Karnali zone: Dolpa, Humla, Jumla, Kalikot and Mugu.

**Table 1: Different Types of Social Security Allowances Provided by the Government of Nepal**

Type of Allowance	Eligibility	Monthly Amount (NPR)
Senior citizens	Aged 70 and older (60 for Dalits and those from the Karnali region)	3,000
Single women/ Widows	This includes all the women who are single (unmarried or divorced) or widow and aged 60 or older	2,000
Fully disabled	Fully disabled persons who have obtained a red disability identity card from the government	3,000
Severely disabled	Severely disabled persons who have obtained a blue disability identity card from the government	1600
Endangered ethnicities	Citizens of the following communities: Kusunda, Bankariya, Raute, Surel, Hayu, Raji, Kisan, Lepcha, Meche, Kusbadiya	3,000
Child support	At most two children under 5 years per mother from the Dalit communities, and from Karnali region, the Province 2 as well as from districts Achham and Bajhang	400

Source: Social Security Fund 2018, and Ministry of Finance 2019b

As per the Social Security Act 2018, senior citizens as well as single women/widows are each entitled to a monthly stipend of NPR 2000. Moreover, senior citizens aged 70 and older are provided another NPR 1000 monthly to cover health expenses (Table 1). Fully disabled citizens and those from endangered ethnicities are provided a monthly stipend of NPR 3000. There is also a provision of monthly allowances of NPR 1600 for severely disabled citizens. The social security programme has been expanded to include a monthly grant of NPR 400 for Dalit children below five years of age and those from the Karnali region as well as those from Achham, Rautahat, and Bajhang districts that are backward in terms of human development indicators. The federal government expanded the programme to districts in Province 2 in 2019/20. These benefits are limited to up to two children per family.



However, there are gaps in the distribution of these allowances, including lack of information among the beneficiary households. According to the World Bank's 2016 Household Risk and Vulnerability Survey, although awareness of old-age allowance and single woman/widow allowance was very high, it was still not universal (see

Table 2). Less than 70 per cent of the 1012 individuals eligible for old-age allowance actually received it. Similarly, only 53.5 per cent of single women/widows over the age of 60 had access to the allowances they are entitled to by law while only about 52 per cent of individuals with government-certified disability cards received their benefits.

**Table 2: Distribution of Different Social Protection Schemes**

Programme	Share of HHs Aware (%)	Number of Eligible Individuals	Number of Beneficiaries
Old-age pensions	97.5	1012	702 (69.4 %)
Single woman/widow allowance	93.8	566	303 (53.5 %)
Disability allowances	76.0	399	87 (51.8 %) <sup>2</sup>
		231 (No card)	
		38 (Red card)	
		55 (Blue card)	
		45 (Yellow card)	
		30 (White card)	
Child grant	49.6	-	-

Source: Authors' calculation based on Nepal Household Risk and Vulnerability Survey (HRVS) 2016.

There is much left to do in terms of dissemination of information about these programmes as well as tightening the distribution mechanism to ensure that the targeted beneficiaries are not left behind, and the allocated funds are not misused. The long absence of elected representatives at the

<sup>2</sup> This percentage is calculated with a base of 168, i.e., the total number of individuals who have received different disability cards from the government.

local level had potentially hindered effective distribution of such allowances. The successful completion of local elections after the transition to federalism is likely to have a positive contribution in that direction.

The Government of Nepal has planned to cover every citizen in one or other social safety net. The interventions range from providing health check-ups and nutrition after conception; vaccination, nutritious food and child protection during childhood; free education and scholarships to students; employment security to adults; and social security allowance, and free health insurance during old age. Senior Citizens Service and Meeting Centres are to be operated at all local levels in partnership among the federal, provincial and local levels along with the private sector to assist the intergenerational transfer of knowledge, skills and experience from senior citizens. In this direction, social security programmes, i.e., free insurance for families under the poverty line and senior citizens are under implementation and the provision of community health insurance scheme has already been initiated.

The government has adopted different programmes to increase the social safety net for needy citizens. One of these is the Prime Minister Employment Programme, which is grounded on the Employment Related Rights Act 2075. This programme guarantees every citizen at least 100 days of employment per year and those who fail to get minimum employment are entitled to compensation from the government. This programme spent more than NPR 5 billion (c. USD 42 million) in 2019/20 alone.

Arguably one of the most ambitious of such programmes is the recently introduced contribution-based social security programme. In 2017, the Government of Nepal passed Contribution-Based Social Security Act 2017, creating the new Social Security Fund in which both workers and employers are mandatorily expected to make their contributions from 22 May 2019 onwards. The programme is being implemented first in Province 3, to be later extended to the other provinces of Nepal. Employees' database portal has been created under the Ministry of Labour, Employment and Social Security. The programme will be funded by the Social Security Fund. While the workers will contribute 11 per cent of their basic salary, the employers top up 20 per cent of the workers' basic salary. The fund is to finance the payments of benefits for contingencies of accidents, sickness, maternity,

gratuity, medical and old-age pension as per the following schemes.

**Medical and Health Protection Scheme:** Under this scheme, the contributors receive support for medical expenditure including admission to hospitals, doctor's services as well as for medicines. This also covers doctors' expenses for those treated at home. A person who has contributed for three months is eligible for these benefits for the next three months.

**Maternal Protection Scheme:** This programme covers regular health expenditures during pregnancy for the contributor (or spouse) and the treatment for infants up to three months. A woman who gives birth to a baby is entitled to at least a month's salary for the care of the baby. This is applicable to men as well. To be eligible for this scheme, a person needs to have contributed to the fund for at least three months. The benefits apply until three months after the person has stopped contributing to the fund.

**Accidental Protection Scheme:** This scheme provides protection against accidents and injuries. Treatment at the specified hospitals are provided free of cost. If the treatment were carried out in other hospitals, the social security fund will cover expenses as specified in the scheme. If the injuries prevent a person from returning to work, the scheme will provide 60 per cent of the salary until the person manages to recover and return back to work. In the case of injuries that lead to a person's permanent inability to return to work, there is a provision of pension for life.

**Old-age Protection Scheme:** This scheme provides pension during retirement, thus expanding the pension system to employees in the private and non-governmental sectors as well.

**Dependent Family Protection Scheme:** Under this scheme, in the case of death or injury of a contributor, his or her spouse will be entitled to a pension based on the salary at death. There is also a provision for the educational expenses of children up to 21 years of age.

Most importantly, workers are eligible to participate in the social security scheme from day one of their employment, and there is no probation period of employment to be eligible to participate in the scheme. However, there are restrictions while claiming particular benefits. Hence, unless a worker has made mandatory contribution for a number of months into the fund, s/he will not be able to claim the benefit. For instance, to claim medical benefits, a worker must have deposited

his/her contribution regularly for at least six months.

While the scheme is promising, a preliminary assessment shows that the contribution-based social security schemes lack appropriate planning and coordination to implement the programme. Until September 2019, it appears that this scheme had not received due attention from those responsible for implementing the programme and, as such, they have not been able to develop an appropriate database on which this scheme has to be rolled out.

Absence of an appropriate database and weak coordination has resulted in further complexity to implement the programme. For instance, there are cases within ministries where agencies provide similar benefits to employees. The Employees Provident Fund and Citizens Investment Trust Fund provide medical coverage to their members, mostly government employees, most of whom contribute to both. This indicates the contradiction of universal applicability of the programme. Similarly, a Health Insurance Board reporting to the Ministry of Health has been established to provide health benefits to all citizens. However, during the same period, the Contribution-Based Social Security Rules have also provided medical benefits to workers. Further, in the absence of an appropriate database, it appears problematic to continue having actual estimations of the rate of contribution to ensure the long-term financial viability of the schemes. Moreover, lack of human resources assigned for the administration of these schemes poses a challenge to the implementation of social security protection in Nepal. As a result, even though the policies and programmes of the Government of Nepal seem to be in the right direction in terms of providing social protection for the needy and promoting inclusiveness, most of these programmes are in their infancy, and reflect lack of adequate planning for effective execution, including on making them sustainable over the long run.

## **SUSTAINABILITY OF SOCIAL SECURITY IN NEPAL**

Social security programmes have accounted for an increasing portion of the national budget in recent years. As shown in Table 3, the allowances for senior citizens, widow/single women, endangered ethnicities and the disabled people have increased over time.

**Table 3: Annual Government Expenditure on Social Security Allowances  
(in million NPR)**

<b>Fiscal Year</b>	<b>Budget Allocation on Social Security</b>	<b>Total Budget</b>	<b>Nominal GDP</b>	<b>% of Total Budget</b>	<b>% of GDP</b>
2004/05	755	111,690	589,412	0.7	0.1
2005/06	583	126,885	654,084	0.5	0.1
2006/07	910	143,912	727,827	0.6	0.1
2007/08	822	168,996	815,658	0.5	0.1
2008/09	4,408	236,016	988,272	1.9	0.4
2009/10	8,500	285,930	1,192,774	3.0	0.7
2010/11	8,948	337,900	1,366,953	2.6	0.7
2011/12	8,560	377,940	1,527,344	2.3	0.6
2012/13	9,350	404,825	1,695,011	2.3	0.6
2013/14	11,010	517,240	1,964,540	2.1	0.6
2014/15	12,597	618,100	2,130,150	2.0	0.6
2015/16	16,450	819,469	2,253,163	2.0	0.7
2016/17	32,700	1,048,921	2,674,493	3.1	1.2
2017/18	36,000	1,046,797	3,044,927	3.4	1.2
2018/19	41,150	1,006,675	3,458,793	4.1	1.2

Source: Expenditure on social security allowances and the total national budget are taken from the series of Red Books available from the Ministry of Finance, Government of Nepal. The GDP data is taken from the Central Bureau of Statistics.

Until 2007/08, the budget allocated for social protection programmes as a share of GDP remained stable at a mere 0.1 percent. There was a significant jump from 2007/08 to 2008/09 when social security programmes claimed a hefty 1.9 per cent of the national budget. The fiscal year 2009/10 also saw a substantial increase to 3.0 per cent although it decreased to 2.6 per cent the next year. In 2018/19, the social security programmes took a huge chunk (4.1 per cent) of the national budget—about 1.2 per cent of the nation's GDP. Until 2017/18, more than 2.3 million beneficiaries have been registered in the Management Information System (MIS) of the government, claiming NPR 29.7 billion in that year alone. The expansion of social security programmes and increase in benefits will further lead to increased pressure on public finances in the future.

**Demographic Transition and Implications for Social Security**

The demographic transition Nepal is expected to witness in the near future poses an even tougher challenge for the sustainability of the social security programmes. The population of Nepal grew at an annual average rate of 2.25 per cent between 1961 and 2001. The growth has since been much slower. During the 2001-2011 period, the average annual growth rate was only 1.35 per cent. This decline in population growth has been attributed to declines in both total fertility rate (TFR) and crude death rates (CDR) as well as an increase in life expectancy at birth (LEB).

**Table 4: Total Fertility Rate, Crude Death Rate and Life Expectancy at Birth in Nepal (1980-2015)**

Period	1980-85	1985-90	1990-95	1995-2000	2000-05	2005-10	2010-15
TFR	5.62	5.33	4.97	4.41	3.64	2.96	2.32
CDR	16.9	14.3	11.6	9.4	7.8	7.0	6.5
LEB	48.34	52.13	56.44	60.51	64.06	66.79	69.01

Source: National Planning Commission 2017

Among the demographic changes that Nepal has experienced in the last three decades, the decline in its TFR has been the most striking (NPC 2017). The TFR indicates the average number of children women would have by the end of their childbearing years if they survive all those years. As shown in Table 4, TFR declined by more than half, from 5.62 children per woman in 1980–85 to 2.32 in the 2010–15 period. There was a similar trend in crude death rates which is the average annual number of deaths per 1000 people over a given time period. CDR decreased from 16.9 per 1000 persons in 1980-85 to about 6.5 per 1000 population in 2010-15. As shown in the last row in Table 4, Nepal has achieved remarkable progress in raising life expectancy, going up 20 years from 48.34 to just over 69 years in the same period. Apart from these demographic parameters, in the case of Nepal, large absenteeism especially due to foreign employment is also one of the factors behind the declining population growth rate (UNFPA 2017). Increased labour force participation and use of contraceptives might also be the other factors that have led to declining fertility rates.

Nepal’s population structure is thus in transition. While it is quickly

approaching Stage III (wherein death and birth rates are both low), it is still in Stage II (death rate and birth rate are low but birth rate is slightly higher than death rate). This has led to an increase in the share of working-age population (15 to 64) and a decrease in the proportion of the young-age population (UNFPA 2017).

In 1980, Nepal had a young and growing population—a large proportion of young people and a smaller proportion of older age group. As of 2015, Nepal's population pyramid has begun to experience change. The population pyramid, now with a 'dent' at the bottom, indicates that the population is beginning to experience a decline in the population of children under the age of 10 (NPC 2017). The Nepali population is still young, with the largest segment between the ages of 10 and 14, nonetheless it is experiencing slower growth lately. However, by 2050, population estimates predict Nepal's population age structure will experience dramatic changes. By then, Nepal will have transitioned to an ageing population with large proportions of older age groups. The two largest segments of the Nepali population in 2050 will be in the 45–49 and 50–54 age groups (NPC 2017).

According to the UN's World Population Projection (WPP) 2015, Nepal is expected to turn into an ageing society as early as 2028 and to an aged society by 2054. An ageing society is the one in which the proportion of the population aged 65 and older is 7 per cent while aged society is the one when the share of those aged 65 and older crosses 14 per cent of the total population. The WPP implies that Nepal will transition from an ageing to an aged society in just 26 years which is similar to the transition made by Japan from 1970 to 1994. So, the 'window of opportunity' presented by the demographic dividend is very short for Nepal.

As the population ages, it puts increasing pressure on the proportion of the working-age population who contribute to the tax revenues in general and the Social Security Fund in particular. The demographic transition will pose a challenge for the sustainability of social security programmes in Nepal. As the figures in Table 5 show, the number of senior citizens claiming the old-age allowance increased more than six fold during the 2004–2015 period. Given the demographic trend the nation is going to experience in the near future, the sustainability of the schemes under the contribution-based social security depends on whether the fund can make productive

investments. Also, these schemes, especially the old-age protection programmes need to be designed properly as they are susceptible to different risks as well as to the demographic transition. Policymakers need to learn from the experience of OECD countries while designing proper social security schemes.

**Table 5: Number of Senior Citizen Recipients of Old-Age Allowance**

Fiscal Year	Number of Senior Citizens
2004/05	217,438
2009/10	678,696
2014/15	951,419
2018/19	1,276,137

Source: Ministry of Finance. 2019a

**CONCLUSION**

Social security is an effective tool for modern states to implement redistribution of income and wealth, and to enhance inclusiveness. A social security system protects individuals who cannot plan ahead and improve on their consumption-saving behaviour. Also, market failures leading to adverse selection due to asymmetric information begs for an active role of government in social security. Social security programmes are a necessity for the realisation of the constitutional goal of achieving inclusive economic development, equity and democracy-based socialism in Nepal. It also appears that major political parties have shown a strong commitment in that direction as well.

However, social protection is still in its initial stages in Nepal even though it dates back to 1994 when the old-age pensions were first introduced in Nepal. The social security programmes have seen a gradual expansion in recent years as has their share in total government expenditure. There are different contribution-based social protection schemes that cover medical, maternal, and accidental expenditures, provide benefits for the dependents, and also provide old-age pensions. Further, the Prime Minister Employment Programme guarantees minimum days of work to protect the citizens against unemployment.

These social security programmes are steps in the right direction and can help raise welfare and enhance social inclusion and contribute to post-



conflict peace and stability in Nepal. However, a preliminary assessment shows that the contribution based-social security schemes lack appropriate planning and coordination while the lack of a proper database and adequate human resources have complicated the implementation of the programmes. Also, household surveys reveal that there are concerns over the distribution of old-age and single woman/widow allowances.

An ageing population will put further pressure on the working-age population who contribute to tax revenues as well as the Social Security Fund. This demographic transition will pose a challenge to the sustainability of the social security programmes and success will be determined by the ability to adjust to the changing demographic parameters. The long-term sustainability of such programmes, especially that of the old-age pensions, also depends on the Social Security Fund's ability to make productive investments.

Policymakers in Nepal need to learn from the experience of the OECD where population ageing due to the demographic shift has posed increased pressure on public finance and the sustainability of the pension system is at the centre of policy debates. These factors need to be taken into account while designing social security schemes, especially the old-age pension scheme. As reforms of such programmes are difficult due to high political costs, it is necessary to look into these matters at their very inception.

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## Chapter 6

# Cash and Climate

## The Potential Role of Cash Transfers in Adaptation to Climate Change

**Alok Rajouria**

### INTRODUCTION

Nepal is a disaster-prone country exposed particularly to hazards such as landslides, floods, earthquakes, fire, droughts, avalanches, and glacier lake outburst floods (GoN 2019). As the impacts of climate change become more apparent and extreme climate-induced disasters increase in frequency and intensity, those living under or just above the poverty line are hit the hardest. According to the World Bank, 26 million people worldwide are forced to remain in poverty as a result of extreme disasters (Hallegatte et al 2017).

As a means of prioritising urgent and immediate adaptation actions, the National Adaptation Programme of Action (NAPA) rates 17 districts, including Kathmandu and Bhaktapur, in the very high-risk category (MoE 2010). Managing climate change by strengthening of household resilience has been one of the primary strategies of both government and non-government agencies (MoE 2010; Oxfam 2006).

Reducing poverty and disaster risks are complementary actions as poverty correlates with vulnerability to disasters (Lao et al 2009). NAPA and Local Adaptation Plans of Action (LAPA) have identified vulnerable households and wards within municipalities and rural municipalities to invest resources in supporting livelihoods and increasing the resilience of people vulnerable and exposed to natural disasters (MoSTE 2011).

In Nepal, cash transfers have been in operation since the mid-1990s as one of the social protection measures employed by the government largely as a livelihoods and anti-poverty measure driven by the objectives of equity

and resilience (ILO 2017; WB 2019). Annually, almost NPR 70 billion is disbursed in monthly cash allowances to senior citizens, persons with disabilities, single women, children under five in certain categories, and indigenous groups (Adibasi Janajatis) on the verge of extinction<sup>1</sup> (Khanal 2014; Department of National ID and Civil Registration 2021). The beneficiaries of cash transfer programmes largely belong to poor and vulnerable groups with limited livelihood options (Samson 2015). Since the objectives of the national cash transfer programme and the one under LAPAs are designed to achieve similar results and the target groups too are similar a clear overlap in policies and programmes exists. However, cash transfer programmes are managed by the Department of National ID and Civil Registration under the Ministry of Home Affairs, while the LAPAs are under the jurisdiction of the municipalities. Coordination between the two government agencies would help eliminate duplications and make social protection more adaptive to climate-induced impacts.

This paper investigates the current status of both the cash transfer programmes and LAPAs and argues for the need for a framework to make social protection adaptive and shock responsive, based on successful examples from other countries. The literature reviewed has largely been selected through online keywords search and Nepal government documents. LAPA documents of two then-village development committees (VDCs) in Kailali district and two in Dadeldhura district were reviewed, as the current round of LAPAs at the current municipal level were not yet ready. Similarly, documents and reports on social protection such as the draft National Social Protection Framework and Emergency Cash Transfer Programmes were also reviewed.

## **VULNERABILITY**

In broad terms, vulnerability is the potential for loss or harm inherent in a person or a thing; as a social construct, vulnerability is a condition ‘rooted in historical, cultural, social and economic processes that impinge on the

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<sup>1</sup> According to the Social Security Act, 2018, indigenous groups on the verge of extinction entitled to the monthly cash allowance include Kusunda, Raute, Hayu, Kisan, Meche, Bankariya, Sural, Raji, Lopcha, and Kuswadiya (Government of Nepal, 2021). As many as 22,826 individuals under this category are receiving Rs. 3,000 per month (Department of National ID and Civil Registration, 2021).

individual's or society's ability to cope with disasters and adequately respond to them' (Weichselgartner 2001). Vulnerability in the context of climate change and its impacts are generally understood as the potential loss to people when they are struck by natural disasters, and other social and natural risks related to climate change. For example, it is estimated that poor peoples' share of wealth lost in a natural disaster situation is two to three times more relative to that of the non-poor (Hallegatte et al 2017). In addition, it is twice likely that the poor live in fragile dwellings compared to the non-poor. It is also evident that poor people are less likely to ask for and receive external support. For example, following the 2011 floods and landslides in Nepal, 90 per cent of the well-off sought and accessed government support, while only 6 per cent of the very poor did that (Gentle et al 2014).

By affecting global and regional climate patterns, climate change is adding to the economic, environmental, social and personal vulnerabilities of people in developing countries (CIRDAP 2016; ADB 2009; NG 2018). Changing precipitation and temperature have direct implications on crop yield and quality (MoE 2010). By 2080, climate models estimate average crop yield to decrease by as much as 23 per cent in Asia, impacting farming communities and low-income groups (Havlik et al 2015). In Nepal, climate change is aggravating an already fragile situation, particularly in agriculture and food security, water resources and energy, and infrastructure (UNHSP 2015; Hallegatte et al 2016). Government interventions, therefore, becomes essential to reducing poverty and consequent vulnerability, particularly of the poorest quintile of the population living under the poverty line.

## **LOCAL ADAPTATION PLAN OF ACTION (LAPA)**

The LAPA framework is designed to integrate climate change resilience and disaster risk management into the local development planning process and outcomes (MoSTE 2011). The first round of LAPAs developed by LAPA committees of VDCs with support from development organisations contains vulnerability ranking at ward and household levels. Social groups likely to be affected by climate change impacts have also been identified. The current round of LAPAs, developed at the municipal level following

the restructuring of the state into a federal system, have been combined with the local disaster risk management plan. Due to the overlaps in the two plan documents, the harmonised LAPA documents address vulnerability to climate-induced disaster risk and climate change adaptation. Vulnerability ranking continues to be an integral part of the harmonised LAPAs. Besides the harmonisation approach, other experimental approaches are also being piloted in different parts of the country.

The Adaptation for Smallholders in Hilly Areas (ASHA) project of the Ministry of Forest and Environment seeks to enhance the livelihoods and resilience of smallholders by enhancing their capacity to withstand the consequences of climate change (MoFE 2018). The enhanced approach to LAPA integrated scientific methods such as GIS (geographic information system) with local perceptions to develop adaptation plans in Dailekh and Salyan districts through the ASHA project. This ecosystem-based approach recognises sub-watersheds as boundaries with upstream-downstream linkages of a river basin and takes into consideration the dependence of smallholders on natural environment for their livelihoods. One of the unique features of the enhanced approach is scenario development on future socio-economic conditions based on projected climate variability. This approach is being implemented in seven districts of Lumbini and Karnali provinces (MoFE 2018).

While different approaches are being tested in developing and implementing the local adaptation plans, their common features include building livelihoods and resilience of the local population to face the effects of climate change. The household vulnerability ranking of the LAPAs has the potential to be utilised by social protection programmes to make social transfers more shock responsive.

## **SOCIAL PROTECTION AND CASH TRANSFER**

Social protection is defined by the Asian Development Bank as a set of policies and programmes designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing peoples' exposure to risks, and enhancing their capacity to protect themselves against hazards and interruption/loss of income (ADB 2003). Cash transfers, generally a part of

social protection, represent periodic and predictable cash payments to certain vulnerable groups to help them protect themselves against poverty and inequality, and build their livelihoods (ADB 2003; WB 2018). Social assistance as cash is also often used on a one-time or short-term basis for specific purposes such as in response to natural shocks and disasters, refugee crises or other humanitarian situations (OPM 2017).

Cash is increasingly becoming one of the popular tools in social protection. According to the World Social Protection Report of 2017-19, as many as 142 countries are now using some form of cash intervention (ILO 2017). This increasing preference for cash against other means of support is based on the premise that cash provides beneficiaries more choices and dignity, empowerment, and reduces negative coping mechanisms such as selling vital assets, child marriage and child labour, and reducing food consumption during emergencies (CaLP 2019; Oxfam 2006; Peish 2018; Rutkowski, 2021; World Vision, 2020). Due to the low transaction cost of cash vis-à-vis in-kind support, its use is growing among donors and development organisations.

Cash transfers are most often unconditional, where the beneficiaries are free to use the money as per their needs. It is based on the premise that the recipient, as a rational being, will be inclined to spend the allowance on the most pressing need of self or family. Nepal employs unconditional cash transfers in the form of monthly allowance to categorically targeted groups like senior citizens, persons with disabilities, single women over 60 years of age, children under five in certain categories and locations, and some indigenous groups and groups (DoCR 2019). Other cash-based interventions in Nepal include scholarships and maternity incentives.

Conditional cash transfers, on the other hand, attach conditions that eligible recipients are expected to adhere to. Such conditions are usually related to children's education or health—maintaining school attendance or ensuring the children get vaccinated on time (Saavedra & Garcia 2012). Conditions, both punitive and facilitative, are closely monitored for compliance.

Unconditional cash transfers are often criticised for creating dependency and being prone to misuse. However, studies have demonstrated that cash allowances are usually spent on basic necessities like food, medicine,



and clothing. The mid-line survey report of the Karnali Child Grant Programme, under which all children under the age of five receive a monthly cash payment of NPR 400 (ca. USD 3.5) per month, found that 66 per cent of the households spent the additional funds on nutritious food, 59 per cent on children's clothing, 49 per cent on household items, and 37 per cent on medicine (UNICEF, EU and VaRG 2019). The study also indicates that recipients of other cash allowance besides the child grant had utilised the additional cash as follows: purchasing food (76 per cent of the households), clothing (57 per cent) and household items (49 per cent). There was no report of misuse of the cash benefits. In another case, a comprehensive analysis that covered six countries in Africa—Ghana, Kenya, Lesotho, Malawi, Zambia, Zimbabwe—specifically focusing on the potential misuse of cash transfer on cigarettes and alcohol found no significant impact (Handa et al 2017). The same study also found no systematic evidence that cash transfer discouraged work.

Long-term, cash-plus programmes have not yet been initiated in Nepal but it is being successfully utilised in other countries. Cash-plus programmes link cash transfers to complementary services and inputs such as behaviour-change messaging, psychosocial support or additional transfers such as supplement infant feeding with the premise that cash alone may not engender the behavioural change required to achieve sustainable results (Kurdi et al 2019). For example, the Chile Solidario/Programa Puente programme, a conditional cash transfer is based on a form of social contract for each eligible family, with psychosocial support placed at the centre of the model (Fernando et al 2011). Cash-plus approaches have been experimented within African countries—Mali, Niger, Burkina Faso and Chad—where cash transfers are accompanied by information and awareness-raising seminars for female beneficiaries on family care practices including nutrition, health and hygiene (Watson 2016). In Pakistan, the Benazir Income Support Program (BISP), with more than five million beneficiaries, offers direct cash transfer with complimentary services like education, health, nutrition, skills development and financial inclusion to help members 'graduate' out of poverty (IDEATE 2018; Cheema et al 2016).

Most of the cash transfer programmes in general are designed to sustain and enhance livelihoods and reduce poverty. Lately, the potential role of

cash in emergencies and reducing vulnerability to the impacts of climate change is emerging as a new frontier in social protection (Fisher et al 2017; Peish 2018). This has given rise to concepts of shock-responsive social protection and adaptive social protection (Bastagli & Rebecca 2014; WB 2019; Watson 2016). Options of scaling up of social protection programmes in case of natural disasters include vertical or horizontal expansion or piggybacking on existing system and refocusing (OPM 2015).

## **CASH AND CLIMATE**

There is strong evidence to suggest that social protection can play an important role in mitigating the effects of climate-induced shocks and disasters, given that social cash transfers serve the lowest 20 per cent of the population in terms of consumption, food security, and building livelihoods (Davies et al 2013; Asfaw et al 2017). A study that analysed the resilience of beneficiaries of Oportunidades, a conditional cash transfer scheme in Mexico, in terms of absorptive and adaptive capacities indicated that by increasing the safety net of beneficiary households, the programme had increased their absorptive capacity (Solórzano Sánchez 2015). Similarly, the lessons from the Adaptive Social Protection Program in Sahel, which was designed to be scaled up to respond to climate-induced and other kinds of shocks, include five principles: promote institutional coordination; ensure scalability of programmes; target households that are most vulnerable; design programmes that enhance adaptive capacities of households; and ensure swiftness of programmes like piggybacking on existing programmes (ITAD 2019; WB 2019). In Zambia, the From Protection to Production Project (PtoP) of the Food and Agriculture Organisation (FAO) showed that households that received cash support suffered much less from weather-induced shocks with the poorest population making the biggest gains (Asfaw et al 2017).

Another study on the role of social protection programmes in its contribution to strengthening the absorptive and adoptive capacities to climate-induced shocks in Ethiopia, Kenya and Uganda found that such programmes contribute substantially to the capacity of people to absorb the negative impacts of climate-related shocks and stresses on their livelihoods (Ulrichs & Slater 2016). This result, the study revealed, is achieved

by regular cash transfer programmes without having explicit aims of addressing climate-related shocks and stresses. Another similar study on the livelihood impacts of cash transfer in African countries found that regular and predictable cash flow improves strategic livelihood choices and stimulates productive investments (Fisher et al 2017).

According to the World Bank, social protection systems help individuals and families, especially the poor and vulnerable, cope with crises and shocks, find jobs, improve productivity, invest in the health and education of their children, and protect the ageing population (WB 2018). Social protection features highly among the United Nations Sustainable Development Goals (SDG) with Target 1.3 explicitly calling on countries to ‘implement nationally appropriate social protection systems and measures for all, including social protection floors, and by 2030 achieve substantial coverage of the poor and the vulnerable’. Adaptive social protection refers to the integration of social protection, climate change adaptation and disaster risk reduction, whereby safety net programmes are designed to be readily scaled up in case of climate-induced and other kinds of shocks. An adaptive social protection system can quickly expand horizontally, increasing its coverage in the advent of a disaster. Three policy features are highlighted as essential for adaptive social protection that can be deployed at times of emergency: timeliness, adaptability and adequacy (Bastagli & Rebecca 2014). An adaptive social protection programme embodies in its design the ability to swiftly scale both horizontally and vertically (Barca 2017). While horizontal expansion refers to quickly adding new beneficiaries to existing system, vertical expansion calls for increasing the value of the existing benefit or length of time.

In response to the 2015 earthquake, the Ministry of Federal Affairs and Local Development (now the Ministry of Federal Affairs and General Administration) implemented a top-up cash transfer programme in 19 earthquake-affected districts with support from the United Nations Children’s Fund (UNICEF) and other organisations. All existing monthly cash allowance beneficiaries in the earthquake-affected districts were provided with an additional NPR 3,000 (ca. USD 25) to their usual monthly allowance. The programme used the existing government social protection mechanism to reach as many as 430,000 people, or 93 per cent of the beneficiaries, with the top-up cash benefit (Merttens et al 2017). While cash is often used

as part of a response mechanism to assist those affected by disasters or shocks, this programme was also intended to complement other response initiatives by government and non-government initiatives. The evaluation of the top-up cash transfer programme indicated that overall the beneficiaries were pleased with the extra cash they received during a difficult time, which they used for basic essentials (Merttens et al 2017). Cash transfers generally offer an opportunity for quick and efficient response, relative to in-kind aid. An assessment of the Emergency Cash Transfer Program found that the cash transfer was most commonly used for food (81.0 per cent of the households), medicine (44.8 per cent), household items (36.7 per cent) and clothes (32.1 per cent) (NEPAN, 2015). Where misuse of cash is concerned, the report states: 'Perceptions that certain groups, Dalits, are more likely to misuse the funds [...] is not evidenced in the data, and we found that all beneficiaries (both Dalits and non-Dalits) reported spending the cash for similar purposes' (Merttens et al 2017).

The 2015 earthquake emergency cash transfer programme has proved that using existing social protection mechanisms to reach vulnerable people in times of shocks and stresses, both natural and caused by humans, is viable. However, while the emergency cash transfer programme successfully reached the majority of the target beneficiaries, the use of the existing list of beneficiaries of monthly cash transfers meant that people who were specifically affected by the earthquakes could not be included since the list could not be revised immediately in consideration of earthquake victims. This proves that Nepal's social protection system is not yet shock responsive or adaptive.

An adaptive social protection system is based on the maintenance of an updated digital vital registration system allowing the existing social protection mechanism to be scaled up or down in an efficient and timely manner. This can also be achieved by locating, identifying and pre-registering vulnerable households the system can quickly reach with support in case of a shock.

## **CONCLUSION**

To conclude, the experience of the emergency cash transfer programme in response to the earthquakes of 2015 showed that Nepal's social protection

programme is not yet adaptive or shock responsive. As the intensity and frequency of climate-induced disasters increase, there is a need to make the social protection system adaptive, enabling it to provide immediate support to affected people. One way of achieving this is to integrate the government's existing social protection programmes with LAPA, given that both aim to strengthen the resilience of the people, particularly the poor and the most vulnerable. A shock-responsive social protection system embodies the capacity to instantly identify households in need of support and extend the same in case of a disaster.

The LAPAs contain vulnerability ranking at both ward and household levels. Enhanced LAPAs incorporate GIS maps in assessing vulnerability. To make the existing social protection system shock responsive, the system has to incorporate in its database available information on vulnerability in terms of geographic locations and households so that it can swiftly expand coverage in case of an emergency. This requires a digitised social protection system with a central registry. The Department of ID and Vital Registration is in the process of digitising its social protection database. In addition to the infrastructure, institutional coordination is also required, and that could be more challenging. While the national social protection is managed by the Ministry of Home Affairs (MoHA), the LAPAs are developed and implemented by the municipalities at the local level. A coordination mechanism between local government entities and the MoHA needs to be developed specifically to first devise a shock-responsive social protection system, and then to administer the system effectively.

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# Social Protection and Poverty among the Women in Nepal

## An Analysis from a Gender Perspective

**Prem Kumar Rasaili**

### INTRODUCTION

Women are poorer and more vulnerable than men, especially if we compare data related to indices such as the Human Development Index (HDI) and the Multi-Dimensional Poverty Index (MPI) from a gender perspective. Globally, the intensity of poverty is so concentrated among women that ‘poverty has a woman’s face—[of the] 1.3 billion people in poverty, 70 per cent are women’ (UNDP 1995).

In the context of Nepal, 26.6 per cent of the population is multi-dimensionally poor, with women being more vulnerable (UNDP 2018). Statistics for Nepal show the mean years of schooling at 3.2 years for females and 5.0 years for males; life expectancy for females is 71.5 and for males, 68.6 years; maternal mortality ratio is 258 per 100,000 live births; labour force participation rate is 79.7 for women and 86.8 for men; gross national income per capita is USD 1,979 for women and USD 2,718 for men; and the HDI value is 0.552 for females and 0.598 for males (where 1 is the maximum possible). Members of Dalit communities are the most vulnerable of all with a lower HDI (0.434), higher poverty head count rates (38.2 per cent Tarai Dalits and 43.6 per cent Hill Dalits), and lower per capita income (approximately USD 337) (NPC and UNDP 2014).

A social protection system as a means to address ‘chronic poverty’ has some positive effects on minimising inequality and reducing multidimensional poverty (Slater 2011). However, while three quarters of the world’s population is not covered by a comprehensive social protection system, coverage in Nepal is even worse, with only around 10 per cent receiving

some of the benefits of social protection (Koehler 2014).

In the absence of data on the impact of social security, this secondary research on the life chances of women and Dalits in Nepal aims to examine the extent to which social protection has contributed to reducing poverty by addressing the needs of women, with a particular emphasis on Dalit women. It uses data related to indicators used in the Human Development Index and Multidimensional Poverty, including those on health, education and income.

It also applies Naila Kabeer's social relations approach to illustrate the position of women in Nepal. The five dimensions of social relations—rules, resources, activities, people and power—have created barriers for women in all four institutions of society, namely, state, market, community, and family/kinship. Dalit women are further burdened by the triple load of discrimination in terms of gender, geography and caste. Hence, any social protection system has to take into consideration the differential situation of women and of Dalit communities.

### **SOCIAL RELATIONS APPROACH ON THE ETIOLOGY OF POVERTY AND POOR SOCIAL PROTECTION AMONG DALIT WOMEN**

Kabeer's social relations approach is used to reveal 'relationships between people and their relationship to resources and activities—and how these are re-worked through "institutions" such as the state or the market' (March, Smyth, and Mukhopadhyay 1999). The five inter-related concepts underpinning the approach are:

- i. development as increasing human well-being,
- ii. social relations,
- iii. institutional analysis,
- iv. institutional gender policies, and
- v. immediate, underlying and structural causes.

These concepts have been discussed in terms of the role of social protection systems to meet the goal of eradicating extreme poverty. This paper borrows concepts 2 and 3 to focus on institutional analysis and the causes and effects of a limited social protection system. It locates women's status,

highlighting their access to health, education, and income, which are also the major indicators of HDI and MPI. Similarly, it will also indicate the type of policy interventions needed.

### ***Social Relations Approach Concept 2: Social Relations***

‘Poverty arises out of people’s unequal social relations, which dictate unequal relations to resources, claims, and responsibilities’ (Kabeer 1994 in March, Smyth and Mukhopadhyay 1999). Of the many relationships in society that influence life chances, social relations determine wealth, power, rules and activities, and the roles, rights and responsibility over others. Together, these create rankings and establish one’s position based on available differences such as gender, ethnicity, caste, colour, race, language, class, and so on.

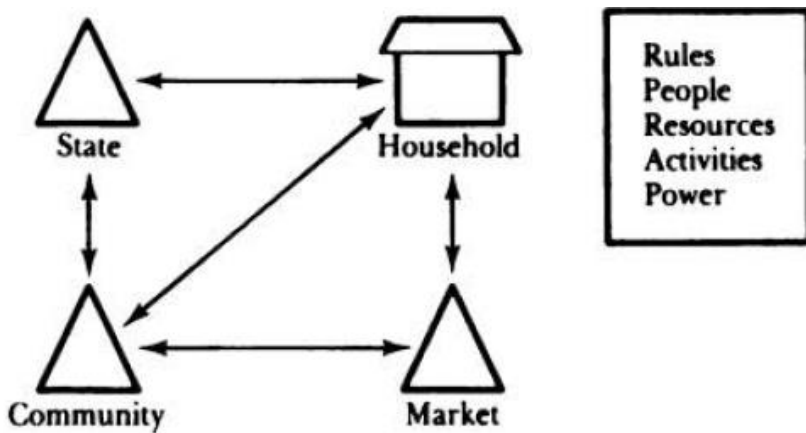
In Nepal, gender relationships have played an important role in perpetuating poverty. This is because the structures for accessing social protection benefits are unequal, and women and Dalits are particularly vulnerable in the existing governance system and the socio-economic environment. For instance, women have fewer resources than men and lower status in terms of health attainment, access to food, and financial needs. They are also assigned more work than men, be it in terms of activities that are productive (income-generating), reproductive (childbirth), or care/maintenance (cooking, washing, cleaning and helping family and community). They receive fewer resources (social security benefits, engagement opportunities, and recognition) from institutions such as the government or social protection providers, insurance companies, community, and family members. This situation creates an unequal relationship between men and women, which is reflected in their poverty status. This does not happen exclusively or in the short term, but it is attached to power, culture, norms, values, attitudes and beliefs of dominant groups (UNDP 2017).

### ***Social Relations Approach Concept 3: Institutional Analysis***

The four main institutions of state, market, community and family/kinship are affected by different socio-cultural variables such as norms, beliefs, and values and are responsible for certain inequalities in society. All of these

institutions are also characterised by the five interlinked dimensions of rules, activities, resources, people, and power (Kabeer and Subrahmanian 1999). Examining these five dimensions in terms of social protection provided by the Government of Nepal (as an institution) and its contribution to reducing poverty will demonstrate yet again ‘who does what, who gains, who loses—which men and women’ (March, Smyth, and Mukhopadhyay 1999).

**Figure 1: Key Institutions and Their Relations**



Source: Kabeer (1994, 308)

Figure 1 represents the four key institutions and the dimensions of social relationships. For the purpose of this analysis, both the government and the social protection-providing agencies play the role of the state; insurance companies and corporate houses are taken as the market; religious groups, clubs, I/NGOs and community organisations function as the community; and family or kinship ties as household. Following Kabeer (1994), it is wrongly assumed that states are involved in national welfare/interests, markets are profit-oriented, communities are concerned with service delivery, and households are altruistic. Rather, these institutions are interlinked with the five dimensions of social relationships mentioned above: rules, people, resources, activities and power. These are analysed in the Nepali context in the sections below.

## **RULES: HOW THINGS GET DONE?**

Rules are defined as a ‘distinct institutional pattern of behaviour inherent in the official and unofficial, explicit and implicit, in norms, values, traditions, laws and customs, which constrain or enable what is done, how it is done, by whom and who will benefit’ (Kabeer and Subrahmanian 1999). Basically, there are two types of social protection; one is Informal Social Protection (ISP) which is provided by family, kinship, neighbours like informal sources on the altruistic or charity basis, another is Formal Social Protection (FSP) which is provided by state and other formal mechanism based on the countries’ law. There are two different sets of rules, associated with ISP and FSP. Informal rules are guided by ‘religious and cultural principles, as well as community and family values’ based on individual and collective arrangements in a society, and formal rules by economic and social principles (Calder et al, 2014, 4). They are both determined by the social contract between the state and citizens manifest in ‘institutional arrangements, rules, regulations and accountability mechanisms’ (Calder et al, 2014, 5). FSP arrangements are also influenced by the rules in ISP. For instance, if a society does not view girls’ well-being as important, there is the risk of their being excluded from FSP policies dealing with health or education. Rules for FSP and ISP mechanisms or those for all institutions, be it state, market, community or family, can be both formal and informal and work in different ways.

In Nepal, as elsewhere, both informal and formal rules exist in all institutions dedicated to improving health, education and income of the people. However, not all the rules are conducive to reducing poverty or gender inequality. Child marriage, especially for girls, is a tradition rooted in Nepali society, and families that prevent girls from attending school push them towards risks (physical, mental and economic) and poverty (Curwen 2016). Further, there is a ten-fold higher chance of dropping out of school among married girls compared to their unmarried peers (Sekine and Hodgkin 2017). Paudel (2018) argues that informal rules such as early marriage of girls, preference for sons, a belief in fate and destiny, and repeat childbearing are the leading causes of perinatal death among women in Nepal. Child marriage is an example of an informal rule that exists at household and community levels and has massive impacts on other social

dimensions. Such rules, therefore, need to be urgently adjusted into health policies in order to achieve better gendered health outcomes for Nepali women.

The Nepali government has set up various formal or official rules for the implementation of social protection. However, not all of them are gender-friendly; some are neutral or even discriminatory against women. For instance, the recently introduced Contribution-Based Social Protection Act (2017) does not prioritise women's issues. It includes only a maternity scheme as a gender-sensitive policy. It does not target women in the informal economy as potential beneficiaries, nor does it recognise that women face different problems in accessing social protection benefits compared to men.

**Table 1: Social Protection Schemes in Nepal**

<b>Old-Age Allowance</b>	<b>Widow Allowance</b>	<b>Disability Allowance</b>
Any maternal incentive scheme	Education scholarship (Dalits)	Education scholarship (Girls)
Disability scholarships	Education scholarship (general)	Martyr's family benefits
People's movement victims' benefits	Compensation for road accident	Compensation for floods or natural calamities
Micro-finance	Insurance for health	Insurance for livestock
Public food distribution system	School meal programme	Nutritional supplement programme for children
Nutritional supplement programme for pregnant women	Food for Work	Cash for Work
Rural Community Infrastructure Works (RCIW)	Subsidised fertilizer	Subsidised seeds
Subsidised credit	Youth self-employment programmes	Technical and vocational training
Natural disaster rescue and rehabilitation	Bonded labour rehabilitation	

Source: World Bank 2011 cited in Upreti, Bhattarai, and Wagle 2013, 73.

The Constitution, periodic plans, annual budgets, and other rules that guide the management of various social protection programmes listed in Table 1 are discussed. Although most of these programmes do not specifically address women's needs, a World Bank report claims that 74 per cent of

women are covered by either old-age pensions or single women's incentive programmes (Sijapati 2017). Sijapati (2017) further argues that there is wide variation among the women representing different castes and ethnicities and that most of the benefits of maternal incentives go to comparatively wealthier women in society. Rules on social protection are not targeted well to potential beneficiaries of these programmes, and targeted resources are not managed properly. Additionally, rules guiding these social protection programmes are also less conducive to women's and Dalit's life chances.

### **ACTIVITIES: WHAT IS DONE?**

Institutions are expected to carry out particular activities to achieve certain pre-determined goals and missions as per existing rules. The Government of Nepal and its various agencies perform activities such as rule formulation, planning, implementation, and evaluation of plans and programmes for the betterment of left-behind groups, among others. From a social protection perspective, women and other vulnerable groups are eligible for cash or in-kind support from the government in order to enhance their quality of life. They may also ask the government to fulfil their basic human rights and other needs.

Four institutions (State, market, community and household) play a role in social welfare and social protection systems. These institutions have been implementing activities in the area of social protection including health, education and income enhancement in order to reduce extreme poverty. Holmes and Upadhyay (2009) claim that the stipend given to Dalit and disadvantaged girls has had a positive outcome in education attainment in Nepal.

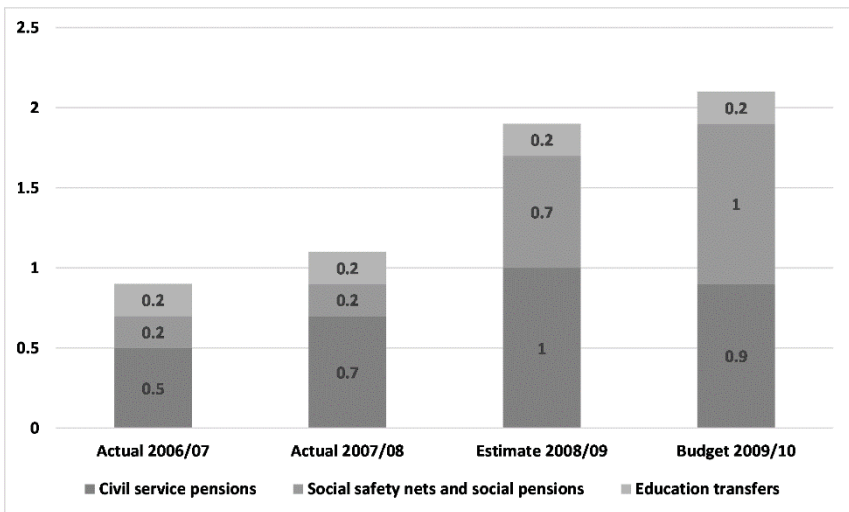
### **RESOURCES: WHAT IS USED, WHAT IS PRODUCED?**

Resources are the means to an end to produce the desired results and are thus aligned with other factors. Institutions have the capability to use and redistribute resources in the needed areas; resources may be human (labour, education, and skills), material (food, assets, land, money) or intangibles (information, political clout, goodwill, contacts). The Government of Nepal as an institution has spent a huge amount of money on social



protection and social security-related schemes and activities through its annual budgets and periodic plans. However, the analysis of spending and its impact has not been undertaken in a systematic manner, and that is why it is difficult to see how government resources have affected the enhancement of women's lives in Nepal (Acharya 1999, Bennett, Dahal and Govindasamy 2008; Bennett 2005; Koehler 2011, 2014). Other institutions of social protection—market, community and kinship—work voluntarily or with an eye on profits, and they have no data relating to their distribution and redistribution processes.

**Figure 2: Social Protection Spending, 2006-2010 (% GDP)**



Source: World Bank (2011, 15)

Figure 2 represents the percentage of gross domestic product (GDP) spent on social protection programmes in the previous decade, depicting the increasing trend over different fiscal years. Most notably, the share of spending on civil service pensions appears to be the largest. This means that the resources delivered through social protection mechanisms are absorbed by the social elite—civil servants (service holders and retirees)—who are comparatively better off than other, more vulnerable segments of society. Moreover, the informal sector is almost never covered by the social protection system.

**Table 2: Social Protection in Budget of 2018/2019 (in million NPR)**

Heading	Total	Federal	Province	Local Level	Percentage
Health	65,343	43,121	4,070	18,153	5
Education	134,186	46,215	2,857	85,115	10
Social Protection	46,913	45,857	232	824	4

Source: Ministry of Finance (2018, Annex 3)

Table 2 reveals the spending by different tiers of government in the fiscal year 2018/19, where the share of the budget allocated to social protection and the health sector is minimal, sitting at around 4 and 5 per cent.

**Table 3: Gender Responsiveness of Budget, 2018/19 (in million NPR)**

Fiscal year	2018/19		2013/14	2010/11	2007/08
Gender Responsive*	Amount	Per cent	Per cent	Per cent	Per cent
Directly	508,370	38.65	21.75	17.94	11.30
Indirectly	450,802	34.28	43.94	36.30	33.16
Neutral	355,990	27.07	34.31	45.76	55.54

Source: Compiled from Ministry of Finance (2018, Annex 8), Ministry of Finance (2014, Annex 13), Ministry of Finance (2011, Annex 8B), and Ministry of Finance (2008, Annex 8B)

\* Direct Responsive: 50 per cent or more budget directly beneficial for women; Indirect responsive: 20 to 50 per cent of budget directly beneficial for women; Neutral Responsive: Less than 20 per cent of budget directly beneficial for women

Since the implementation of gender-responsive budgeting in 2007/08 until 2018/19, there has been a tripling of funds set aside for activities aimed at women (Table 3). However, the resources have not reached vulnerable groups because services have not been targeted to them appropriately. In this context, Holmes and Jones (2013, 215) argue that while gender budgeting is relevant for different purposes of the social protection budget analysis, the availability of funds to achieve gender-sensitive provisions remains a matter of concern.

These cases detailed in Box 1 demonstrate that a low percentage of resources are allocated to social protection programmes for health, education

and income generation to begin with, and out of that an even lower proportion goes to women. The amount that actually reached poor women and Dalits is even less.

### Box 1: Case Studies on Gender-Sensitive Provisions

#### **Case Study 1: Roads for Women**

'A major portion of the budget for women and children went to school construction and furniture (30 percent), health post support (21 percent), and road construction (14 percent). This was also true of the budget allocated for Dalits and Janajatis. Of the 13 drinking-water projects, ten were funded from the budget allocated for women and children and the remaining three from the budget for Dalits and Janajatis. Not a single drinking-water project was funded from the general budget of the Village Development Committee (VDC). In Paudeshwar, Aurah, and Dhalkebar VDCs, the entire budget was spent on road construction. In Etharba VDC, the whole amount was used for electrification. This shows that the target groups have very little say and influence over the way funds meant for their benefit are actually used.'

#### **Case Study 2: Political Misdirection Derails Women's Benefits**

'In Bhatkholra VDC, Syangja district, the budget allocated for the women's programme was frozen for 2 fiscal years. Then in FY 2010/2011, the budget for women was allocated to a computer training centre by an influential member of a political party. Women from the mothers' and forest user groups, who were present at the project selection meeting, clapped with the rest though the computer training centre would not benefit them. The proposal passed. "What else could we do?" asked one of the women at the meeting, conceding that they lacked the political savvy and ability to offer resistance.'

Source: Nepal (2016, 168)

### **PEOPLE: WHO IS IN, WHO IS OUT, AND WHO DOES WHAT?**

People are both the means and the ends in the social protection system. On the one hand, institutions include or exclude people in social protection mechanisms. On the other, the rules, resources, and those in power decide the activities of the people: 'Who they allow in and whom they exclude;

**Table 4: Nepal's GDI for 2015 Relative to Selected Countries and Groups**

	Life expectancy at birth		Expected years of schooling		Mean years of schooling		GNI per capita		HDI values		Female-Male ratio
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	GDI value
Nepal	71.5	68.6	12.7	12.2	3.2	5.0	1,979	2,718	0.538	0.582	0.925
Afghanistan	62.0	59.5	8.3	13.1	1.6	5.8	511	3,148	0.348	0.572	0.609
Sri Lanka	78.4	71.7	14.3	13.6	10.3	11.4	6,067	15,869	0.734	0.785	0.934
South Asia	70.2	67.4	11.3	11.1	4.9	7.8	2,278	9,114	0.549	0.667	0.822
Medium HDI	70.4	66.8	11.5	11.3	5.6	7.8	3,314	9,131	0.582	0.668	0.871

Source: United Nations Development Programme (2018, 5)

**Table 5: Nepal's GII for 2015 Relative to Selected Countries and Groups**

	GII value	GII rank	Maternal mortality ratio	Adolescent birth rate	Female seats in parliament (per cent)	Population with at least some secondary education (per cent)		Labour force participation rate (per cent)	
						Female	Male	Female	Male
Nepal	0.497	115	258	71.9	29.5	24.1	41.2	79.7	86.8
Afghanistan	0.667	154	396	74.0	27.4	8.8	35.4	19.1	83.6
Sri Lanka	0.386	87	30	14.8	4.9	80.2	80.6	30.2	75.6
South Asia	0.520	—	175	33.7	17.4	36.9	58.6	28.3	79.4
Medium HDI	0.491	—	164	40.8	19.9	40.4	57.6	37.2	79.4

Source: United Nations Development Programme (2018, 6)

who is assigned various resources, tasks and responsibilities; who is positioned where in the hierarchy' (March et al 1999, 107). Statistical evidence presented here shows that women and Dalits are the poorest strata of society compared to men and the 'high castes' in Nepal with their HDI/MPI indicators (health, education and income) representing situations of extreme poverty.

Currently, female life expectancy in Nepal is 71.5 and for males it is 68.6 years (United Nations Development Programme, 2018, 5), which is better than the life expectancy of previous decades and compares favourably with neighbouring countries as well. This higher life expectancy of women, however, also means that 'older women are more likely to be widowed, live alone, and live in poverty and in poorer health than men' (Specht, 2003, p. 3). Therefore, there is a need for a gender-sensitive social protection system to address these different circumstances.

From the beginning of the 21st century to date, a lot has changed in the case of HDI with regards to the whole population. From a gender perspective though, whereas life expectancy at birth and expected years of schooling are higher among females, the position of women in Nepal is still remarkably poor in terms of mean years of schooling, GNI per capita and HDI values.

Similarly, since the Human Development Report of 2010 Gender Inequality Index (GII) has been published based on different indicators, including women's reproductive health, empowerment and economic participation. Nepal scored 0.497, ranking 115<sup>th</sup> out of a total of 159 countries. Noticeably, the number of women with at least a secondary level of education is only about half of that of men (see Table 4). Nepal also has high maternal mortality ratios.

In the field of health, progress has been noticeable in the fields of education and literacy. Table 6 represents the gradual improvement in literacy rates in Nepal.

Until the end of the 20th century only half the population of Nepal was literate; among them only a quarter were women. While the overall literacy rate has increased over the last decade, according to Nepal Living Standard Survey 2011, there remain marked gender disparities in literacy rates: 72 percent of males aged 6 years and older are literate as opposed to 51 percent

**Table 6: Literacy Rates, 1971-1996**  
**(per cent of the total population 6 years old and above)**

Census	Male	Female	Both	Male/Female Differentials
<b>1971</b>	23.59	3.91	13.89	19.68
<b>1981</b>	33.96	12.05	23.26	21.91
<b>1991</b>	54.10	24.73	39.34	29.37
<b>1996</b>	57.00	27.00	42.00	30.00

Source: Acharya (1999, 14)

of females. Disparities also exist across development regions,<sup>1</sup> ecological belts and urban/rural residence. Gender disparities are worse in the rural-eastern and the central Tarai, the mountains belt, and in the rural mid- and far-western hills (Central Bureau of Statistics, 2011, 80). In Table 7, we can see that the literacy rate among all age groups of females is lower than that of males.

**Table 7: Literacy Rates by Gender (per cent)**

Area	5 years and older population			6 years and older population			15 years and older population		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Urban	84.9	68.4	76.2	85.9	69.0	76.9	87.0	65.8	75.6
Rural	67.2	46.5	55.9	68.7	47.2	56.9	67.2	39.1	51.3
Nepal	70.8	50.7	59.9	72.2	51.4	60.9	71.6	44.5	56.5

Source: Central Bureau of Statistics (2011, 80)

Despite the minimum gender gap in average years of schooling, there is higher inequality between rural and urban mean years of schooling patterns, representing 9.6 years for urban and only 7.5 years for rural (Central Bureau of Statistics, 2011, 91).

This is how all the evidence and indicators of HDI and MPI strongly correspond to the vulnerabilities, risks, poverty and inequality faced by women and Dalits in Nepal. All the four institutions—governments, markets, communities, and families—are responsible for this inequality.

<sup>1</sup> The hithero-existing five development regions were dissolved following the restructuring of the country in 2017 and federalisation into seven provinces.

## POWER: WHO DECIDES, AND WHOSE INTERESTS ARE SERVED?

Institutions hold power whether legally or legitimately and have control over individuals lower in position. ‘The unequal distribution of resources and responsibilities, together with the official and unofficial rules which promote and legitimise this distribution, ensures that some institutional actors have authority and control over others’ (March et al, 1999, 108). Power is constructed in different institutions in hierarchies, and very few women hold power at the top of the hierarchy. In government, be it in the legislative arena or in the executive, judiciary or bureaucracy, very few numbers of women are in decision-making positions.

**Table 8: Representation of Women in Parliament**

Year	Total seats in parliament	Male	Female
1959	109	108	1
1981	112	110	2
1986	112	109	3
1991	205	198	7
1994	205	198	7
1999	205	193	12
2007	330	272	58

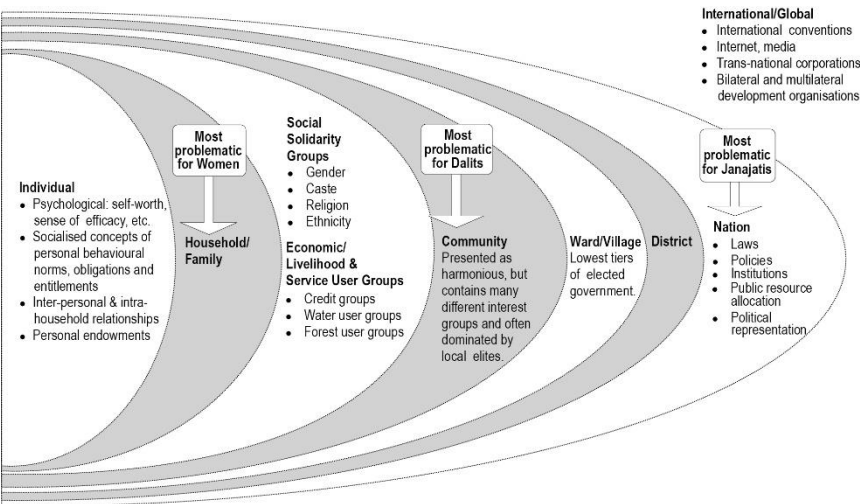
*Source: Misra (2013, 41)*

Table 8 shows that women’s position in parliament over the decades. In legislative bodies at the local, provincial and federal levels, the participation of women has markedly increased due to mandatory provisions of women’s inclusion in electoral law. Moreover, women have been selected to serve in major political positions as well. However, most of those positions are based on nominations or indirect appointments, and this affects the quality of decisions they make. The same pattern of participation has been noted in other institutions. For example, according to the Public Service Commission’s report, women’s entry in the civil service is much lower than men’s (43 per cent as compared to 57 per cent) in 2018.

As for the question of which sites are most problematic for women and Dalits in terms of empowerment, inclusion, and power balance, Figure 3 below argues that for women it is the household and for Dalits it is the

community that function as the most critical areas. Further, Bennett claims that ‘for women, the home is a key site where norms, beliefs and behaviours have to be changed to enable them to exercise their agency’ (Bennett 2005, 12-4). Similarly, in the case of Dalits, caste-based discrimination is a constraint for acquiring power and balance in relationships with other people, ‘though Dalit women as subordinated in both the gender and caste domains will encounter discrimination in the home as well as in the community’.

Figure 3: Sites of Empowerment and Inclusion



Source: Bennett (2005, 14)

It can thus be concluded that resources, roles and responsibilities are important for acquiring power and vice versa. Similarly, in order to achieve the eventual reduction of poverty and gender inequality, the social security system should be designed to address the needs of women and Dalits.

### PROGRAM BOLSA FAMILIA: POLICY AND GOVERNANCE LESSONS FOR NEPAL

The Program Bolsa Familia (PBF), its implementation, the achieved outcomes and methods used for it, and lessons Nepal can learn from that policy while redesigning social protection policies will be analysed in this section.

Lindert et al (2007, 45) mention that the PBF was an exemplary social



protection programme launched in 2003, and it has significantly reduced poverty and enhanced the human development process in Brazil. PBF aims at ‘(a) reducing current poverty and inequality, by providing a minimum level of income for extremely poor families; and (b) breaking the inter-generational transmission of poverty by conditioning these transfers on beneficiary compliance with human capital requirements (school attendance, vaccines, pre-natal visits)’.

The Brazilian government has declared families to be extremely poor if their per capita monthly income is below BRL 77 (ca. USD 13) as of the year 2014 (Hellmann 2015, p. 9). To get the minimum cash transfer benefits, households have to fulfil some obligations as provided in Table 9.

**Table 9: Conditions of the PBF**

Area	Commitments/Conditions	Public Affected
Health	Verification of calendars for vaccinations and growth and development of Children under 7 years of age. children.	
	Prenatal care for pregnant women and lactating mothers.	Women who are pregnant or lactating.
Education	School enrolment and minimum monthly attendance of 85 per cent.	All children and adolescents between 6 and 15 years old.
	School enrolment and minimum monthly attendance of 75 per cent.	Adolescents aged 16 and 17 who receive the BVJ (Benefício Variável Jovem or Variable Benefits for Youngsters) benefits.

*Source:* Hellmann 2015, 16

After providing the minimum income level to an extremely poor household, it ensures access to education and good health with different compulsory indicators to be fulfilled. PBF addresses ‘social inclusion in several complementary ways: recognising and explicitly targeting the poor, focusing on children and delivering transfers to women, and changing social accountability relationships between beneficiaries, service providers, and local and central governments’ (Rawlings 2006, 23). In the case of impacts on gender equality, it has emphasised women as the prime beneficiaries of the programme (55.9 per cent out of 33 million beneficiaries were women in 2014), raised their autonomy and empowerment, and

lowered gender-based violence (Gukovas et al 2016, 14). At the same time, it has been compensating women for their unpaid domestic and care work, intervening over household resources and increasing their bargaining power in families (Holmes and Jones 2010, 3). Altogether, it has been instrumental in releasing ‘36 million people above the extreme poverty line (currently defined as a household income of up to BRL 77 per person)’ (Schwarzer, 2018). Box 2 sums up the overall impacts of Bolsa Familia.

**Box 2: Some Bolsa Familia Facts**

- 13.8 million families (Aug. 2015), average benefit BRL 166
- 48 million persons in the beneficiary families
- 9 million families monitored on health conditionalities
- 15.7 million students monitored on education conditionalities
- Costs only 0.5% of GDP; admin. costs only 5% of expenditure
- Operates in all 5,570 municipalities
- Beneficiaries: 74% Afro-Brazilians, 1% indigenous, 56% women

Source: Schwarzer 2018<sup>2</sup>

PBF has had marked impacts on child education in Brazil in that it has increased the enrolment rate by 5.5-6.5 per cent and reduced the dropout rate by 0.4-0.5 percentage points. More significantly, ‘girls are less likely to drop out’, and it ‘is more effective at raising the enrolment of blacks, mulattos and indigenous children, relative to whites, so it appears to equalize enrolment by race,’ (Glewwe and Kassouf 2012, 513-16). ‘High school approval rates are even 2.6 per cent higher if compared to the same level of non-Bolsa Família adolescents’. Moreover, girls’ school participation increased by 8.2 percentage points, and very motivating results have been achieved in cases of grade progression of girls living in rural or remote areas (De Brauw et al 2015, 313). Chioda, De Mello and Soares (2016, 306) also claim ‘a robust and significant negative impact of PBF on crime. Incapacitation from time spent in school does not seem to be an important driving force behind the results’.

Similarly, very encouraging results were achieved in the health sector

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2 ‘Bolsa Família: An international example of social inclusion. An interview with Helmut Schwarzer’, <https://socialprotection.tumblr.com/post/154807315660/bolsa-fam%C3%ADlia-an-international-example-of-social>.

after the introduction of PBF. For example, the ‘under-5 mortality rate, overall and resulting from poverty-related causes, decreased as BFP coverage increased’ (Rasella et al 2013, 57). Schwarzer (2018, para.4) compiled the health-related impacts including ‘60 per cent higher chance of starting prenatal care before completing the third month of pregnancy ... 14 per cent less chance of premature birth and 8 per cent higher chance of being breastfed’ after PBF implementation. However, Paes-Sousa and Santos (2009, 14) argue that ‘to guarantee program effectiveness, the Brazilian government needs to increase supply and improve the quality of basic education, health services, welfare services and initiatives for inclusion in labour market’.

Regarding the fact that PBF has had enormous positive impacts on HDI and MPI indicators for reducing poverty, inequality and vulnerability particularly among women and marginalised segments of society in Brazil, Nepal may learn some lessons from the success of Brazilian PBF for amending, designing, and implementing an effective social protection system in Nepal. These lessons can be pro-poor targeting of beneficiaries, delivering cash to women in households, ensuring basic income, applying conditions for stipends, strong accountability mechanisms, political commitment to a provision of minimum income, and information technology. At the same time, the most criticised weaknesses of PBF such as excessive focus on care/maintenance work rather than productive work, training, empowerment and development, should be considered among areas for potential improvement in the Nepali local context. Every single success or failure may not be significant to Nepal but most of them can be adopted because Nepal and Brazil have the same status regarding foreign aid dependency, human development indexes, diverse cultures, languages and religions, as well as geography.

## **CONCLUSION**

Applying Kabeer’s social relations approach, rules, activities, resources, people and power are the five dimensions of social relations which determine the roles, responsibilities and position of women and Dalits in the state, market, community and the family/kinship levels in Nepal. Gender

inequality and caste-based discrimination cause limited access and distribution in social protection systems, which ultimately create a situation of poverty. To reverse this situation, governments must consider gender equality and social justice while redesigning their social protection policies. Even though this paper has some limitations, such as the fact that it does not use primary data, cross-sectional study or quantitative analysis, and so cannot draw conclusions on the basis of these, the following points can be considered as the conclusion of this study:

- Limited funds are allocated to social protection programmes which are not necessarily gender-responsive to begin with. Moreover, the portion that is gender-responsive tends to serve the social elite and the women from 'higher castes' and classes such that the social protection programmes do not reach women, and whatever does reach to them is neither effective nor sufficient to make a difference to their life chances.
- Women are in need of generous social protection benefits for accessing better health, education and income, and improving their quality of life overall.
- Gender-specific social protection policies increase the life chances of women.
- Gender-specific social protection policies reduce gender inequality and poverty, so there is a need for gender-specific social protection policies to be executed in future. While doing so, Nepal can adopt the successful practices of Program Bolsa Familia in Brazil such as pro-poor targeting of recipients, women-focused cash transfers for households, ensuring basic income, applying conditions for social protection benefits, creating strong accountability mechanisms and fulfilling political promises.
- Indicators of HDI and MPI improve through gender-sensitive social protection policies, which ultimately contribute to reducing vulnerability to poverty and risks among women.

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# Disbursing Social Security Entitlements

Rightness of Time, Amount, Person and Place

**Dyuti Baral**

### INTRODUCTION

This paper presents findings from longitudinal empirical research on ‘right time, right amount and right person’ in the context of social security entitlements. The research was conducted by Kathmandu-based research institution New ERA Pvt Ltd<sup>1</sup> between 2013 and 2016 for the Programme for Accountability in Nepal (PRAN). PRAN was administered by the World Bank under the Multi-Donor Trust Fund and was a demand-side accountability initiative to support good governance. Data for the research was collected using household surveys from 1000 respondents, and interviews with 293 village development committee (VDC) secretaries from VDCs in 15 districts. These were Bara, Bardiya, Bajhang, Banke, Dhankuta, Bajura, Dang, Dhanusha, Gorkha, Kailali, Kapilvastu, Palpa, Rolpa, Siraha and Saptari (Figure 1). A one-time public expenditure tracking survey was conducted interviewing 4950 citizens from the first five districts.

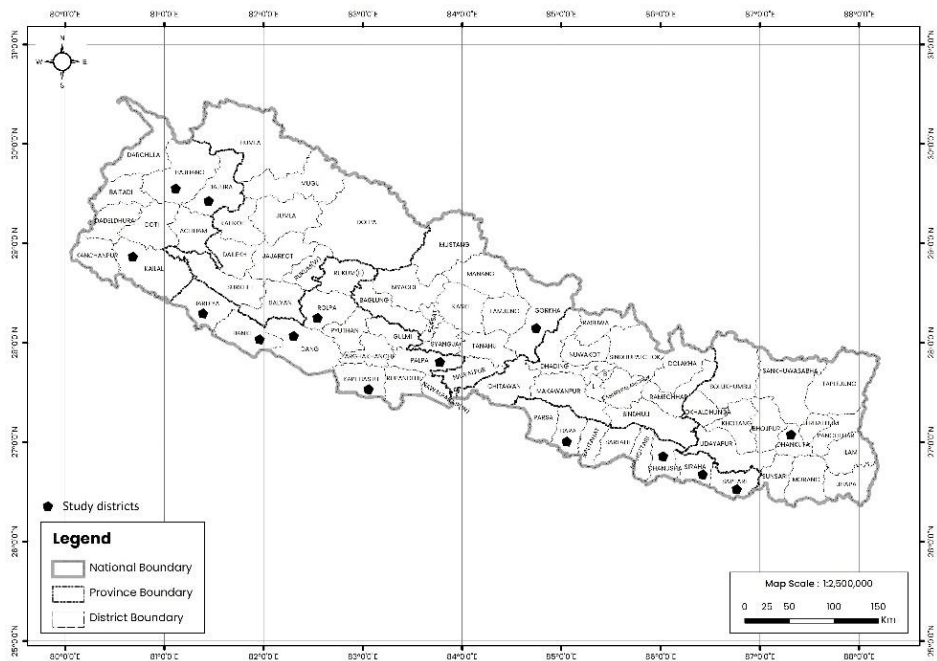
During the research period, VDCs were the administrative units that managed social security entitlements (SSE) as per the Social Security Operation Procedure 2065 BS (and revised in 2072 BS [2015]). In the absence of elected officials locally, the VDC secretary was the administrative head responsible for the entire VDC. This meant it was the VDC secretary who was responsible for preparing, maintaining and updating the list of eligible citizens for SSE. S/he was also the sole authority when it came to interpretation

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of the clauses in the Social Security Operational Guidelines, 2075 in case of any confusion. VDCs are now defunct with local governance and administrative units identified as ‘municipalities’ since 2017.<sup>2</sup>

**Figure 1: Study Sites**



Following the reorganisation of local bodies, many of the former VDCs had their geographical areas rearranged, several were merged, and some were expanded and upgraded to urban municipalities. More importantly, local elections have been held, and elected officials are in place in all municipalities. The ward offices in the municipalities are ostensibly functioning smoothly and with the added human resource, can be expected to be more responsive to citizens’ demands. The present analysis needs to thus be viewed in the context of a specific time and situation.

<sup>2</sup> The earlier local government units consisting of 3157 VDCs and 217 municipalities, sub-metropolitan cities and metropolitan cities were reorganised into 753 municipalities, consisting of 461 rural municipalities and 292 municipalities. The latter\ consists of 275 municipalities, 11 sub-metropolitan cities and six metropolitan cities (MoFALD 2018).

### **Box 1: Research Relevance**

This paper uses ‘social security entitlements’ (SSE) instead of social security allowances (SSA) to reflect the demand side nature of the research, focusing on the perspectives of the citizens claiming it. Allowances are what the authorities provide whereas an entitlement is what the citizens have a right to claim. While much research has been conducted on the supply side, there are still gaps in studies related to the demand side and around the issue of ‘rightness’ of disbursement in the context of time, amount, person, and place.

Informal conversations with local body representatives in Kathmandu during a follow-up interaction at a ward office in 2019 indicated that challenges in SSE disbursement noted in the research continues unabated. Ward-level officers are still grappling with issues of SSE eligibility, unlawful inclusion/exclusion, and of rightful claimants still unable to travel to claim their cash entitlement.

With the Government of Nepal, too, expressing its keenness to improve and expand social protection for its citizens, as reflected in two recent government documents,\* research findings continue to be relevant. Further, since social security spending is increasing every year, issues of efficiency of disbursements and sustainability are topics of enduring relevance as well.

\* Social Security Programme Operating Guidelines, 2075 and The Strategy for Distribution of Social Security Allowances Through Electronic Systems 2074 issued by the Central Department of Vital Registration, Ministry of Federal Affairs and General Administration

## **LITERATURE REVIEW**

Literature on supply side social security, subsumed within the larger purview of social protection, is a widely researched topic globally. Social security research generally focuses more on dimensions of spending and sustainability, and assesses cost/benefit of government spending, beneficiary outreach and usage (how beneficiaries are using the amount received and for what). Studies have also delved into matters of inequity and poverty of the beneficiaries, and ways in which social security adds to their dignity of life (Rupp et al. 2007; Bailey and Turner 2002; Guven and Leite 2016), and challenges of financial inclusion and ‘unbanked’ citizens (Demigurc-Kunt et al. 2018).

Whilst there has been a gradual increase in the number of researchers focusing their attention on these topics in Nepal as well (Banks et al. 2019; Malakar 2018; Malakar and Chalise 2018; Sijapati 2017), few studies, if any,

have directed attention to the impact on beneficiaries of the combined dimensions of time, amount, and person. A study by the National Planning Commission (NPC) does mention ‘timeliness’ but more in the context of payment schedules than challenges around timely payments and impact of delays on the beneficiary:

The Social Security Programme Working Procedure 2065 clearly states that the allowance be distributed once every four months in a fiscal year, first in the month of *Ashwin* (September–October), second in the month of *Magh* (January–February) and the last instalment in *Jestha* (May–June). To assess the regularity of the distribution of the allowance, the recipients were asked how regularly they received the allowance. As expected, a large majority of the recipients (87%) reported that they were paid every trimester (once every four months) (NPC 2012).

Another study that touched upon a few of the topics of interest in this study is the one conducted in Ilam district. The researcher focused on the effectiveness of the social security allowance programme while exploring distributional aspects (usages), using information gleaned from a few categories of beneficiary, viz, senior citizens (Dalit and non-Dalit), endangered ethnic group (Lepcha), and single women (Kharel 2015).

There seems to be relatively less interest among foreign scholars on dimensions of rightness of disbursements—time, person, place, and amount. This may stem from the fact that timely payments are actually a non-issue in developed or rapidly developing countries. For instance, in countries such as the USA, electronic bank transfers and auto-payment systems transfer funds on designated dates to intended beneficiaries. The USA also has provisions for assigning representative payees for beneficiaries unable to access such services due to reasons beyond their control (Parent, Hemmeter and Early 2009). In countries like Brazil, social protection programmes such as *Plano Brasil se Miséria* (Gentilini, Honorati and Yemtsov 2014) or *Fome Zero* (ILO 2014) are supported by investments in infrastructure involving digitisation of citizen registration, debit card outreach, and mobile teams identifying beneficiaries, among others. These systems enable timely payments and correct identification of eligible beneficiaries, making government cash transfers highly effective (Bastagli and

Soares 2013), even as challenges around sustainability emerge (Skoufias, Nakamura and Gukovas 2017).

For Nepal, nationwide digitisation of eligible beneficiaries has been identified as necessary, and random efforts have been initiated in a few districts such as Kaski and Banke but not followed through. Banking services are still out of reach for much of the rural population. Travelling to the nearest bank to access SSE often ends up costing time and money that a beneficiary can ill-afford. As per the latest World Bank Global Findex Database 2017, for 20 per cent of the adult Nepali population, the sole reason for not having a bank account is because banks are too far away.<sup>3</sup>

In recent years, a few banks in Nepal have started providing branchless banking (BLB) outside conventional banking services<sup>4</sup> to rural areas and its residents (who still comprise a large proportion of Nepal's population) in certain districts.<sup>5</sup> Independent researchers are taking note of BLBs to assist the government in its service delivery of social protection (Niroula 2014).

## **BRIEF OVERVIEW OF SSE IN NEPAL**

The provision of social security is noted in Section 35 of the Constitution wherein it is stated that the State will follow a policy of paying special attention to protect the interest of women, orphans, children, old-aged people, those disabled or incapable, and those from endangered communities. Section 35(19) has provisioned that a policy to 'provide allowances to the old aged, incapable, women and unemployed' would specifically be adopted.

When first started in 1995, it was the elderly who had completed 75 years of age who were entitled to a flat social security allowance of NPR 100 (ca.

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<sup>3</sup> See 'Branchless Banking: Facilitating Financial Inclusion in Nepal', Khalti, <https://blog.khalti.com/fintech-trends/branchless-banking-facilitating-financial-inclusion-nepal>.

<sup>4</sup> According to Nepal Rashtra Bank, a total of 1345 branchless banking centers have been established across Nepal and have been serving to a total of 111,670 customers as of February 2019.

<sup>5</sup> Kumari Bank for instance has started BLB using Point of Sale machine units in Rukum, Global IME in Kalikot, etc.

USD 2 at the time) per month. Since then, SSE provisions have gradually expanded<sup>6</sup> with an increase in the types of eligible citizens<sup>7</sup> as well as an increase in the monthly amount.<sup>8</sup> A beneficiary in 2015 was eligible to receive anywhere between NPR 400 to 1000 (ca. USD 4 to 10) per month, depending on the category s/he fell in.<sup>9</sup> The provisioning of SSE by the government aims to assist citizens in leading a dignified life as well as address social risks due to sickness, social exclusion, unemployment, and old age.

Together with the increased coverage in terms of the beneficiary type and the amount disbursed to each beneficiary, the budgetary allocation for social security allowance programmes has increased compared to the early years as well.<sup>10</sup>

**Table 1: Budget Allocation for SSE in 2013/14\* and 2016/17#**

<b>Fiscal Year</b>	<b>Amount (in billion NPR)</b>	<b>Total Budget (in bil- lion NPR)</b>	<b>% of Budget</b>
2013/14*	10.37	517.24	2
2016/17#	32.70	1048.92	3.1

Source: \*Red Book, MoF, 2018, #Budget Speech, 2019.

At the time of the study seven categories of beneficiaries were eligible to receive entitlements under Nepal's social protection scheme: i) senior citizens above 70; ii) Dalits above the age of 60 as well as all the 60+ senior citizens from the Karnali region (i.e., Karnali Zone); iii) single woman who is a widow of any age; iv) single woman who has completed 70 years and

<sup>6</sup> In 2008, the government implemented the Social Security Programme (Operational Procedure) under the Local Self-Governance Act, 1999. The SSP aimed at 'expanding social security rights of citizens'.

<sup>7</sup> Since 2065/66 BS (2008/09), the government has been introducing allowances to single women, endangered races, while reducing the eligibility age threshold for Dalits and citizens from the Karnali zone

<sup>8</sup> In the budget speech of 2019, the government increased the SSA amount for senior citizens to NPR 3000 (ca. USD 25) per month.

<sup>9</sup> In May 2019, this amount was increased by NPR 1000 (ca. USD 8.5) for senior citizens, single women, and those issued with Blue or Red Cards identifying them as a person with disability eligible for SSEs. In June 2020, the amount for single women below the age of 60 was rescinded.

<sup>10</sup> The proportion of actual expenditure on social security in FY 2009/10 was 2.79 per cent, which exceeded the 2.52 per cent spent on pensions given to the civil servants, police, teachers. In FY 2010/11, 3.01 per cent of the total budget was allocated to social security programmes.

who has never married or who is divorced; v) disabled person of any age suffering partial or full disability; vi) children under 5 years of age belonging to the Dalit community or from the Karnali region; and vii) ethnic/indigenous groups at risk of extinction<sup>11</sup> as listed by the government with each individual in the family, irrespective of age or marital status, deemed eligible. Most of the government SSE funds are disbursed to the categories of senior citizens and single women. This fact has also influenced the selection of categories of interest for this study.

## RESEARCH FOCUS

The research focus was on assessing issues of rightness in the context of senior citizens and single women, encompassing four of the seven categories noted above. Data findings from the following sources of empirical data were used for analysis.

- i. Public Expenditure Tracking Survey (PETS)/Quality of Service Delivery Survey (QSDS) conducted in 100 VDCs of five districts of Bardiya, Banke, Bajhang, Bara and Dhankuta, assessing dimensions of right time, right amount and right person, with references to selected cases of right place.
- ii. Household survey of household heads in 15 districts which also assessed aspects of social exclusion that eligible beneficiaries faced, particularly those not receiving the SSE.
- iii. Face-to-face or telephone interviews with VDC secretaries in all 15 districts.

Information about SSE was collected using semi-structured questionnaires with the following key questions:

- i. Is the SSE being disbursed within the time mandated by the government? In other words, is it in compliance with the stated norms?
- ii. Is the SSE being received by the beneficiary regularly as per the Operational Guidelines at the anticipated time? In other words, does

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<sup>11</sup> These are, namely, Hayu, Kusunda, Bankariya, Raute, Surel, Raji, Kisan, Lepcha, Meche, Kuvadiya, Pattharkatta, Silkut, Kushvadiya, and Kuchvadiya (see Social Security Allowance Disbursement Guidelines 2077, p. 22).

the disbursement timing vary every quarter (even if it is within the compliance period)?

- iii. Is the SSE being disbursed to the beneficiary at the time when they really need it? In other words, is the age threshold valid?
- iv. Is the beneficiary entitled to receive an SSE able to register as a beneficiary easily? In other words, is there any evidence of extended delays and/or social exclusion on part of an eligible beneficiary?
- v. Is the beneficiary receiving the correct amount payable as SSE, and if not, are the reasons for deductions justifiable and in compliance with the guidelines?

## RESEARCH FINDINGS

The overall findings in the first part of this section are presented in the context of challenges and shortcomings during inception (preliminary steps during identifying and registering as an eligible beneficiary), during implementation of disbursement, and interpretation of policy clauses by those authorised. This is followed by findings on beneficiary perception and their responses around rightness of time, amount, person and place.

### ***Inception—Preliminary Steps for Registration as an Eligible Beneficiary***

SSE beneficiaries faced two types of challenges to become registered as eligible. One was related to possession of personal vital registration documents necessary to support their claim. The second was process-related involving government line agencies.

Beneficiaries needed birth certificates as proof before their citizenship ID could be issued. The citizenship ID is mandatory to be considered eligible for SSE and is also required to initiate the eligibility process. Other vital registration documents required include marriage certificate and death certificate of a spouse for widows to claim single woman SSE. Migration certificate was required for those senior citizens and single women who had moved permanently from a previous place of residence.

Beneficiaries who had migrated shared the complexities of determining eligibility in their new location. Generally, a citizen needs to have established residence for at least six months in a district before a request for a



migration certificate can be processed. Without proof of migration, an eligible beneficiary would not be able to register for an SSE using only the citizenship ID.

Beneficiaries in such situations admitted that they had at times authorised their son or daughter to continue to claim senior citizen allowances in the former VDC for about six months after the actual migration to avoid missing out on any instalment. Technically, they should have been claiming it from the new VDC of residence. While there were only a few such cases in the sample, these experiences do indicate instances of the right person at times being forced to claim SSE at the wrong place for want of an efficient system of managing migration.

There were times when eligible beneficiaries were not able to produce the necessary legal proof. This situation was mostly faced by single women who had separated from their spouses, and the spouse had passed away by that time. Only if a single woman was able to submit the requisite legal documentation, in this case, the death certificate of their spouse, could she claim her rightful SSE. While such cases were few, the very fact that such were issues faced by potential beneficiaries highlighted the need to improve procedures to better protect vulnerable citizens.

Another example of procedural delays was provided by the beneficiaries. A woman was widowed just after the registration deadline of December 2015. She was asked to register her eligibility in mid-June 2016 when registration opened up for the next fiscal year. However, as she had migrated to stay with her daughter, she had to first get her migration papers and only then could she register as a single woman in her new residence. She first had to process the migration papers, which took six months, before she could claim eligibility and register for SSE, which she could by December 2016. She received her first SSE cash amount from 2017 August, 18 months after she became eligible.

### ***Absence of VDC Officials and Workload***

Beneficiaries shared problems associated with registering their eligibility due to the extended absences of the VDC secretaries from the VDC office. In turn, the VDC secretaries pointed out about being pulled in two different directions.

As the sole official representative in the village administrative unit, they

were required to attend meetings called by their ministry's line agencies in the district.<sup>12</sup> With 27 ministries demanding their presence at some point or the other each quarter, the VDC secretaries had no recourse other than to be away from VDCs for extended periods. For VDC secretaries having to manage more than one VDC (31.4%) and/or who also had district-level responsibilities (5%), the duration spent in one VDC declined even more sharply.

When present in the office, VDC secretaries could process a claim from an eligible beneficiary who had all the necessary documents in about half an hour, if uninterrupted. With limited time available to spend in the VDC office and the multiple demands from different citizens, the VDC secretaries often felt overwhelmed when having to process several claims in a day. Inefficient or inadequate human resource support (staff) and material support (lack of functioning computers, printers, internet or electricity) exacerbated the situation. Not surprisingly, VDC secretaries found it highly demotivating to prioritise SSE work.

Generally, VDC secretaries who were new transfers to their posts revealed they had yet to participate in an orientation about the SSE guidelines. Several VDC secretaries said they had not reviewed the guidelines in detail. They relied on what was shared with them verbally by those at the district headquarters, or from past working knowledge. Many revealed that the mandatory copy of the SSE guidelines that were to be in the VDC Office were often not available, and had probably been taken away by the previous secretary when transferred. Confusion over SSE disbursements had to be resolved by the VDC secretary at his/her discretion rather than by referring to the appropriate clauses in the guidelines.

The VDC secretary was rarely questioned for the decisions made around SSE or the interpretations of policy clauses. Beneficiaries shared their concerns about not having a functioning grievance redressal mechanism to address arbitrary, ad hoc or what they perceived as unfair SSE decisions made by the VDC secretary.

### ***Challenges Due to Procedural Technicalities***

Research findings reveal how the processing of eligibility criteria for those

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<sup>12</sup> At the time, the concerned ministry was the Ministry of Federal Affairs and Local Development.

entitled to avail of benefits under the government's social protection programme was at times mired in managing technicalities, often resulting in delayed or reduced distribution of entitlements, and, in extreme cases, also exclusion. For example, a senior citizen who had been collecting SSE for several years had a tattered citizenship ID in which the date of birth was not visible anymore. The VDC secretary rejected the request for SSE payment, citing 'no valid identification'. This was inexplicable to the beneficiary as his passbook had all details of SSE payments made in the past several years. The senior citizen narrated how he had already provided a photocopy of the citizenship ID when he first started receiving the SSE six years earlier. This photocopy had been verified and attested as valid documentation for all future SSE claims purposes. However, the photocopy which was to be filed manually as well as scanned and filed in the computer could not be found anywhere. When the senior citizen finally requested processing of a new ID, he was asked to provide a birth certificate. The practice of issuing birth certificates being a recent phenomenon, the 76-year-old citizen did not have any record of his birth. His SSE was thus discontinued.

Lack of consistency in policy implementation by those authorised, which was often the VDC secretary, and misuse of funds allocated for social protection to fulfil other administrative performance criteria often resulted in eligible beneficiaries, or the right person, not receiving the right amount at the right time. For instance, to meet one of the minimum conditions of performance set annually by the government, a VDC had to declare itself open-defecation free (ODF). This required investing in community awareness about toilet construction and use. Toilets require cash to construct as well as a change in cultural attitudes towards it to eliminate the practice of open defecation. VDC secretaries often deducted the amount from the SSE, citing it was for toilet construction. Such deductions were being made, even though it was not allowed by the SSE guidelines.

Such inconsistencies and non-compliance in implementation were often unchallenged, with some of the beneficiaries mentioning 'at least I received partial SSE instead of none, which was what I was fearful about'. Proof of the deductions were clearly noticeable in SSE passbook entries. As only an authorised personnel could note and sign the passbook page, it was clear that the deductions were intentional.

For a single woman whose husband had passed away, getting a death certificate in the absence of the VDC secretary was also challenging and resulting in delayed registration to claim her SSE. A constructive effort on part of the Department of Vital Registration in 2017 attempted to address the more serious of the bottlenecks and administrative loopholes with a clearer revised policy, but it leaves out multiple issues of accountability on the part of the local government and is yet to address gaps in how vulnerabilities are managed and minimised.

### **Box 2: Disability-Specific Interpretation Issues**

From the perspective of eligible beneficiaries, particularly single women with partial or full disability, protracted procedures were cited as key reasons delaying or preventing timely registration in the disabled category. They cited three specific issues for delays: one, the travel expenses they could ill afford but which they would have to incur while travelling repeatedly to the district offices for getting registered in the appropriate disability category. Paperwork processing was complex enough to require multiple visits. Two, district officials were cited as often not being responsive or not fully conversant with the right procedures to efficiently process forms for endorsing a disability. And, three, there was enough vagueness in the guidelines that allowed subjective judgment about a person with partial disability. An eligible beneficiary for partial disability had to deal with rejection due to several reasons from 'incomplete documentation' to 'inconclusive proof of partial disability'.

### ***Miscellaneous Processing Issues***

Several eligible beneficiaries disclosed that they had come for registration after the deadline the previous year but as they had all the necessary documents, they had been assured that the processing would be done swiftly the next year. The next year, however, they would often find submitted documents missing from their files in the VDC office, or damaged. The VDC secretary, especially if newly posted to the VDC, often found himself at a loss about how to re-start the registration completion process when confronted with legacies of past inefficiency.

Eligible beneficiaries were thus stalled at the very first step of being deemed eligible for reasons beyond their control. They also cited dissonance of job performance indicators which emphasised ministry work, and actual task demands which included SSE work, that made it difficult and

unappealing for VDC secretaries to prioritise SSE-related work or complete it on a timely basis.

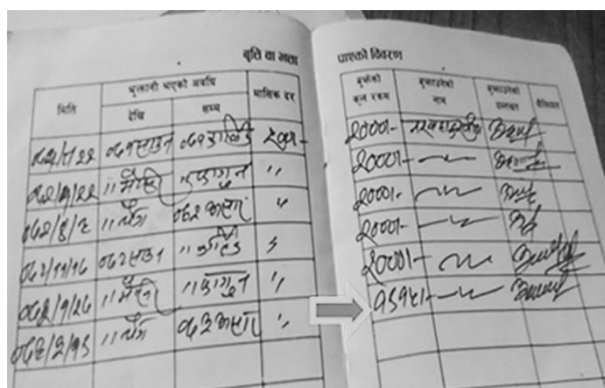
There were some anecdotes about VDC secretaries who did understand what timely registration and disbursements of cash transfers meant for vulnerable citizens. They were proactive and took the initiative to reach the doorsteps of those beneficiaries unable to travel due to old age, disability or sickness to assist in registration or disbursement. These anecdotes are few, with such practices found to be erratic and often discontinued over time or when a new VDC secretary with a different perspective came in.

### ***Beneficiary Perception of Right Time, Right Amount and Right Person***

The SSE is to be disbursed thrice a year by local government offices. These dates are Asoj 1 in the Nepali calendar, corresponding to mid-September; Magh 12, which is usually around the last week of December; and Jeth 15, which falls towards the end of May. A review of the dates of disbursement indicate lack of timely processing of SSE. However, when asked if they had received the SSE on time, the common response from the senior citizens and single women beneficiaries was: ‘Time ma nai payko bhannu paryo’, which translates as, ‘I suppose I can say I got it on time’.

The reason for this inexplicable response became clear when probed further. Their view was that as long as they received the amount on the days indicated by the VDC office, irrespective of the dates specified by the SSE guidelines, they would consider it as the ‘right time’. The second reason for such a response was that the beneficiaries had not seen or read the SSE guidelines and were unaware of the exact payment schedule. Hence, the question about right time prompted subjective responses based on perceptions of timely payments.

On average, SSE funds reached the districts 63 days late in 2014/15 and 32 days late in 2015/16 compared to the stipulated date. The reasons included delayed submission by the districts of updated SSE beneficiary



SSE card with the deductions noted by the arrow. All the preceding payments show NPR 2000 each while the one noted with the arrow is only for NPR 1915.

lists received from the VDCs and ‘VDCs not settling the accounts of the previous instalments’, resulting in halted fund release. The VDC officials in turn cited rapid turnover of the VDC secretary and the extended absences of the VDC secretary, along with non-functional computers, blocking access to SSE beneficiary record files.

Beneficiaries reported sporadic deductions from the SSE amount. The deducted SSE amount was found noted in the passbook wherever the reason for deductions were for ‘government-issued mandates’. Commonly cited reasons were meeting printing costs of the passbook, and for purposes of MC/PM (minimum conditions for performance measures).<sup>13</sup> There were also cases where the full amounts were noted as disbursed, but the beneficiaries had themselves deducted an amount as instructed and returned it to the VDC office. Such deductions were not noted in the passbook. The reasons cited by beneficiaries and at times the VDC secretary for the deductions included fees for renewal of SSE card, and ‘processing a damaged citizenship ID’ which meant issuing a new ID.

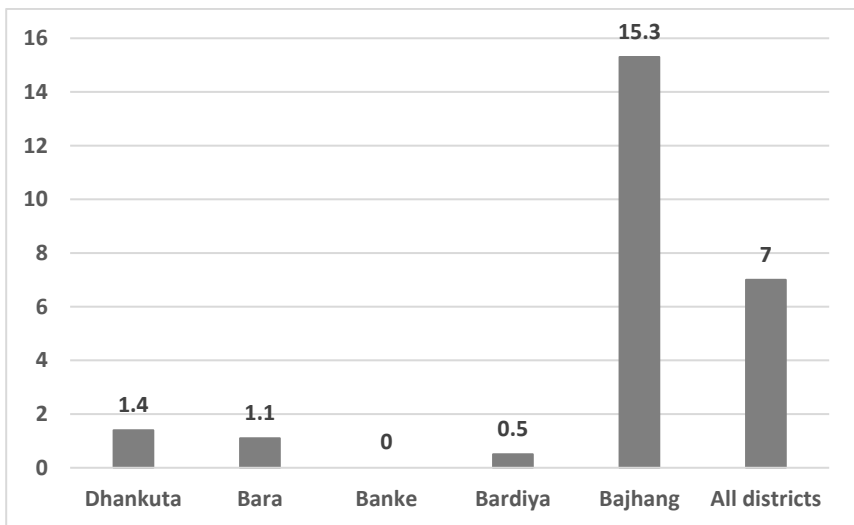
The deductions, which were not allowed according to the SSE guidelines, ranged from NPR 85 (ca. USD 0.75) from the NPR 2000 (ca. USD 17) due in one trimester (or 4.25%). In Bardiya, deductions from senior citizens belonging to disadvantaged groups (DAGs) were comparatively higher than for any other group. The local VDC officials admitted that this

<sup>13</sup> See LGCDP report (2016) submitted to Ministry of Federal Affairs and Local Development for details of MCPM. <http://lgcdp.gov.np/sites>. Also, <http://www.lbfc.gov.np/content/introduction-mcpm>.

was to ‘encourage those from DAGs to get the VDC toilets constructed’ so that the VDC gets additional grants as incentives for having ensured ODF status.

About 21 per cent of the respondents reported receipt of all three SSE instalments at the right time and in the right amount as per government guidelines. More beneficiaries from the hill VDCs received SSEs on time (31%) compared to those in the Tarai (6%). Generally, it was the second instalment which was less likely to be disbursed in the right amount and at the right time (37%) compared to the first (53%) and the last instalment (54%). Even though only about one in seven (about 15%) were receiving their SSE instalments at the right time and in the right amount, 92 per cent of the respondents perceived that they were getting the entitlements at the right time and the right amount.

**Figure 2: Underpaid Persons (%)**

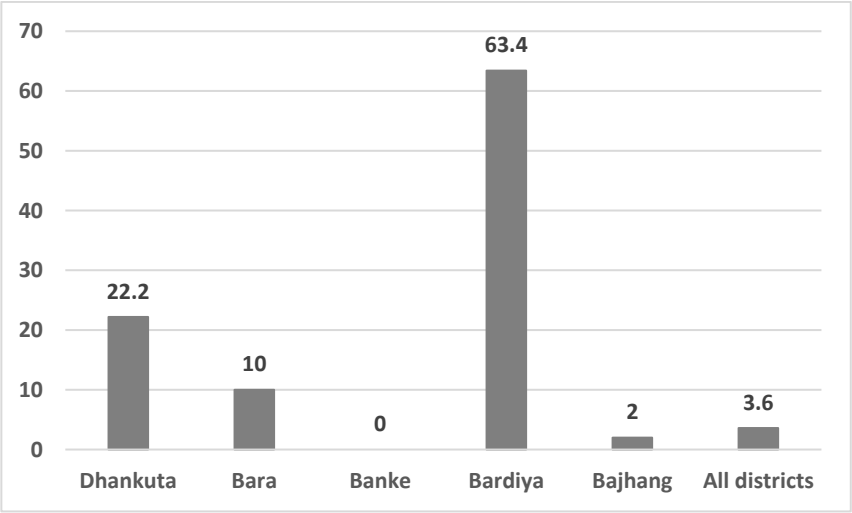


Findings from PETS/QSDS indicate 7 per cent of SSE beneficiaries in 2014/15 were underpaid (Figure 2). On average, those being underpaid were paid almost 4 per cent less than what they should have received. Leakage of total SSE funds through underpayment to beneficiaries was 0.2 per cent (about NPR 3500 per VDC).

An inverse association between the incidence of underpaid citizens and

availability of updated SSE records was revealed for the five districts. For instance, Bajhang, where about 15 per cent of the beneficiaries received SSEs less than the specified amount, was also the district where SSE records were not updated. The district office in Bajhang reported repeated delays in submission of the list of eligible beneficiaries by VDCs. In contrast, Banke, where there had been some sporadic efforts to digitise SSE payments in the past for which SSE records had to be updated, reported no underpayment (0%). Dhankuta (1.4%), Bara (1.1%) and Bardiya (0.5%) too had lower incidences of underpaid persons (Figure 3). The extent of underpayment was found to be highest in the districts making deductions, citing the ‘government mandate’ of ODF.

**Figure 3: Extent of Underpayment (%)**



Overall, 36 per cent of all the beneficiaries reported some level of underpayment. In Bardiya, 63 per cent were affected by the ODF campaign and reported deductions from their SSE amount for this reason. Dhankuta (22%), Bara (10%) and Bajhang (2%) also reported deductions for the same or similar (health and hygiene) reasons. Once again, only Banke did not report deductions.

The payments were mostly made to the right beneficiary, although the criteria about making the payments at the right time and the right amount were not always as per the guidelines. Nevertheless, findings revealed that



24 per cent of the senior citizens and 11 per cent of the widows eligible to claim SSEs were not receiving them. More citizens from Tarai VDCs (30%) were excluded than in the hills (26%).

VDC officials cited some probable reasons for the right person not getting their SSE. One, the beneficiary request for eligibility approval was ‘in process’, and until these formalities were completed, the eligible beneficiary would not be receiving any SSE payment. Two, the eligible beneficiaries had not applied for reasons including ‘process complexities’ (takes too long, have to make repeat visits to district headquarters as well as VDC office) and ‘unable to meet certain technicalities’ (submission of birth certificate to get a citizenship ID). Three, those eligible had the wrong birthdate noted in their citizenship ID. They were not technically at the threshold age to put in a claim for eligibility. The error was either attributed to the VDC official while preparing the ID, or to the beneficiaries themselves as they admitted to not following up on the error made. Four, they did not have a birth certificate with which to get a citizenship ID made. Even if their birth was common knowledge in their VDC, and community members could vouch for it, that was not considered evidence. As issuing a birth certificate was not mandatory 60 or 70 years ago, these eligible citizens have lost out on their SSE claims. And, five, eligible beneficiaries who did not have a toilet in their homes did not get their claims processed.

## **CONCLUSION**

The research found that SSEs were being disbursed each quarter, although not always on the dates specified. There was partial compliance with the right time of disbursement.

Quarterly payments were a regular feature for the most part. VDCs which had yet to clear past SSE transactions had funds halted by the district offices until these were settled. That, in turn, affected timely disbursements. The erratic nature of disbursements is a major factor in weakening the resilience of the beneficiaries.

Overall, the perception of beneficiaries was positive towards the government. The increase in the SSE amount to NPR 2000 (increased to Rs 3000 for those above 70 years) is welcomed by the beneficiaries. They feel that the government is attuned to their vulnerabilities and acting accordingly

to address these through increased SSE payments. Increasing financial inclusion, improved access to banking or similar financial institutions even in rural areas, is expected to further strengthen the positive perceptions of the beneficiaries towards the government.

However, the recent announcement by the government in May 2020 about cutting down SSE payments to single women below 60 years, if followed through, would render them even more vulnerable than before.

Complexities in procedural requirements were mentioned as a major bottleneck for efficient and swift processing of eligibility claims. Eligible beneficiaries had to wait a minimum of six to 18 months or more before they received their first SSE payment. Those beneficiaries who had migrated to a new residence also found the lack of inter-district record-sharing a major bottleneck to timely processing of claims. Processing woes were common across all districts, questioning the validity of the age threshold.

Challenges to managing documentation-related compliance surfaced occasionally such as when a beneficiary had a damaged citizenship ID or no birth certificate to process eligibility claims. For disability categorisation, however, there was another kind of difficulty being faced, especially while processing claims of single woman beneficiaries below 60 years of age. Single women (other than widows) become eligible for entitlements only after completing 60 years. But single women with disabilities were finding it difficult to process their disability claims if they were younger than 60 years even though disability-related SSE could be claimed at any age once disability status was verified.

One woman mentioned how her requests for disability-related SSE were rejected twice at the district level citing 'insufficient documentation' even though she had been cleared as 'all documents verified' at the VDC level. Being a Dalit, she was finally able to claim SSE once she completed 60 years. Had she been a non-Dalit woman, she would have had to wait till she was 70. There were several other cases mentioned by those with disabilities who were receiving a different category of SSE. The VDC secretary from a few of the VDCs interviewed in this regard did admit to there being a certain challenge in managing the SSE budget when it came to disability-related SSEs for there was a quota (a fixed number) for this

category. Therefore, not all those eligible for this SSE actually received it.

Other than that, establishing eligibility criteria for beneficiaries was not problematic and evidence regarding exclusionary practices was not found in this context. Instances of deductions, while scattered, were found in each of the five districts for different reasons. Reasons such as meeting printing costs of SSE passbooks or purchase of materials for toilet construction were however neither justifiable nor in compliance with the guidelines.

There were cases where citizens who faced deductions for yet another reason—having missed out on an SSE payment due to them towards the end of a fiscal year. The 2015 SSE guidelines did mention that providing beneficiaries any payments missed in the next quarter, stating a citizen can ‘retrieve their SSE in subsequent instalments’. This provision is, however, clearly not backed up by audit mandates which require VDCs to return the unspent SSE amount to the district. Fiduciary guidelines issued by the district specify how the amount not disbursed is to be returned to the district where it would be ‘frozen’. In other words, this returned amount would not be accessible to those beneficiaries who missed out on an end-of-the-year payment. Conflicting processes in policies, and between policy and practice were thus found to be at play, with interpretations and implementation often left to the discretion of the VDC secretary.

Issues of frail health of senior citizens made it difficult for them to walk unaided to the VDC office where payments were often made. Absence of banks in or near VDCs meant there could not be any bank deposits of SSE payments made that would allow a beneficiary to withdraw the amount needed at his/her discretion.

With the first draft of the Social Security Allowance Payment Using Electronic System released in 2074 BS (2018/19) by the Home Ministry’s National Identification and Vital Registration Department, and the push to rapid transitioning to this system as part of the move to a cashless society, cash transfers may soon be discontinued. However, in the remote and relatively inaccessible areas of the country, this may still take a while to be implemented.

Nonetheless, provisioning of SSEs for vulnerable citizens has been lauded by the beneficiaries. They clearly state that the SSE is the main source which helps meet their survival needs. It allows them to have access

to a confirmed source of cash coming in regularly which has served to minimise their emotional vulnerabilities. As the payment is from the government, it adds to their feeling of self worth and dignity, as they feel they are valuable enough in the eyes of the state to be deemed eligible for receiving financial assistance. Several mentioned how their family members treat them with dignity and respect since they started receiving SSE. They also feel a sense of self worth when they are able to purchase items for their grandchildren, especially educational materials.

Receiving the SSE on time and in the full amount each time goes a long way in allaying the fears, averting death due to poverty, and minimising vulnerabilities to a large extent for each of the beneficiaries. Thus, strengthening social protection systems that are aligned to a rights-based approach and contributory social protection along with adopting a shock-responsive social protection mechanism would go a long way in sustaining the well-being of SSE beneficiaries.

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## Chapter 9

# Social Protection of the Disabled in Nepal

## Studying the Perspectives of Disability Allowance Recipients in Biratnagar

**Chandra Upadhyay**

### INTRODUCTION

Disability in human life is a situation that often creates inadequate access to possible living conditions. In many situations, it requires external support to maintain a normal life. In low-income countries, disability and economic vulnerability often go together. Disability in most cases leads to multidimensional poverty, limiting access to education and employment. The severity of disability in a family member can also deprive others in the family from going out for work (Hanass-Hancock and McKenzie 2017). There is, thus, a need of external support to prevent, manage, and overcome situations that adversely affect wellbeing due to an individual's disability.

Whilst sustainable and inclusive development is the need of the hour, particularly since for 'persons with disabilities, exclusion is omnipresent, it's endemic, and it's systemic',<sup>1</sup> inequality and exclusion lead to disability becoming more severe. Thus, even when things are equal for all, the disabled require preferential treatment through more inclusive policies. Inclusion is also understood as a means for transforming the state into a facilitator, as an interventionist patron for societal empowerment helping rid the obsolete social hierarchies in favour of the principle of equity (i.e., equality and social justice together). Inclusion has the aim of ensuring that

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<sup>1</sup> Speech by Charlotte McClain-Nhlapo, Global Disability Advisor at the World Bank, 7 July 2016, <https://www.youtube.com/watch?v=cQg-jnOfHPQ>.

everyone benefits from equal opportunities. Positive discrimination or affirmative action can help minimise inequality and enhance equality. Equality consists of rules of distribution (Oppenheim 1970). Equality is being equal, especially in status, rights, and having the same rights and opportunities as everyone else. And, while absolute equality is impossible to achieve, social justice is a just and fair social relation. It is the process of receiving what is due from society and social institutions. Justice is often taken as a tool for the denunciation of inequalities. Alternatively, ‘to each their own’ or ‘may all get their due’, phrases popularised by Cicero, were later codified as: ‘Justice is a habit whereby a man renders to each one his due with constant and perpetual will’ (Galles 2005).

Social justice is distributive and proportionate. Giving favoured treatment to the weaker sections and the deprived is only to enable them to compete with fairness and to create equilibrium-oriented compensatory discrimination. It is also commonly explained as ‘equal treatment’ for equals, when equality does not mean that everyone should be treated equally. Related to it is the idea of proportionate justice and the recognition of special needs and its most important aspect of just distribution.

## **SOCIAL PROTECTION OF PERSONS WITH DISABILITY IN NEPAL**

Social inclusion can be measured and evaluated as equal access to education, health, economy and employment, and participation (Silver 1994, 2007, 2015). The World Bank (2011) estimated that there are 1 billion persons with disability on the planet. This is around 15 per cent of the global population with different countries having different statistics (USA 19%, UK 19%, and China 7%). The same report says that 80 per cent of the persons with disability live in developing countries. According to the 2011 census, however, the proportion of persons with disability in Nepal is less than 2 per cent (1.94% as per CBS 2014). However, a number of studies and organisations suggest a higher figure (Thapaliya 2016). Often taken for granted, disability is unreported, not recognised or both. Admission of disability may be limited because persons with disability in Nepal suffer from social discrimination, physical limitations, and even infrastructural inaccessibility (Karki 2019).

Nepal has demonstrated domestic and international commitments to



creating an inclusive society for all. The Constitution of Nepal (2015) has several articles dealing with the issues and rights of persons with disability. There are provisions for free education, including education in Braille for the blind and education through sign language for the deaf or people with communication challenges (Article 31). The provision of social protection includes the right to special protection of children with disabilities (Article 39), the right to equal access to social services and facilities (Article 42), and the right to social security (Article 43). Further, the Constitution also provisions for social justice and equality with the right to participate in state bodies, the right to a dignified way of life, and prioritisation in education, health, employment, housing and social security (Article 42, Sub-Articles 1, 3, and 5). Similarly, Article 51(14) has the provision for disability-friendly transport, Articles 84(3), 86(2), and 176(7) contain provisions for representation of persons with disability in the House of Representatives, National Assembly and provincial assemblies.

Countries have adopted the Sustainable Development Goals (SDGs) as a common goal for humanity. The SDGs specifically mention disability in various goals but specifically in those related to education, growth and employment, equality, accessibility of human settlements, and data collection and monitoring.<sup>2</sup> Likewise, the Convention on the Rights of Persons with Disability (CRPD) of 2006 has been signed by more than 150 countries. As a party to the CRPD, Nepal has addressed issues related to persons with disability in the Constitution and, subsequently, in the Disability Rights Act 2017. Laws, along with their regulations and working procedures, have also been enacted at the provincial and local government levels to ensure the provision of social security to persons with disability, among others. There have also been precedents set by the Supreme Court to address the routinely denied rights of persons with disability.<sup>3</sup>

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<sup>2</sup> 'About Us: Sustainable Development Goals (SDGs) and Disability', United Nations, <https://www.un.org/development/desa/disabilities/about-us/sustainable-development-goals-sdgs-and-disability.html>.

<sup>3</sup> In *Sudarshan Subedi vs Government of Nepal*, Office of the Prime Minister and Council of Ministers regarding social security allowance for persons with disabilities, in August 2012, the Supreme Court issued a mandamus to the government on the amount of social security allowance based on the condition of the recipient, and also to caretakers, where applicable. The Court also ordered the government to appoint or assign a government officer to work on issues of persons with disability. Source: Supreme Court's

The Government of Nepal has been providing a social security allowance (SSA) to persons with disability under its social protection scheme. The quantum of allowance is based on the definition and classification of disability. The Disability Rights Act 2017 classifies disabilities into 10 kinds (blindness and low vision, deaf-blind, deaf, hearing impairment, intellectually disabled, mental and psychosocial illness, multiple disability, physical disability, speech-related disability, and autism), and based on the degree of impairment there are four broad categories—profound, severe, moderate, and mild—within each. Persons with profound and severe disabilities are entitled to SSAs at the rate of NPR 3,000 (ca. USD 25) per month and NPR 1,600 (ca. USD 14), respectively,<sup>4</sup> while those who fall in the moderate and mild categories do not get any allowance. Asked to comment on the allowances, an official from the National Federation of the Disabled–Nepal (NFD–N) replied:

Regarding the allowance, actually the demand of persons with disabilities is connected to the livelihood. The basic demand is skill enhancement, employment, and accessible environment for livelihood. If the government works on making accessible and inclusive environment for the participation of all types of persons with disabilities in economic activities, there is less need of social protection allowance. Those who are able to work in the market can be fitted in jobs and self-employment projects. The social protection allowance is the primary need of those who are not able to even perform their very basic daily activities such as toileting, bathing, moving their body parts and are living in a vulnerable condition under the intensive care of others round the clock. These people with disabilities deserve social protection allowance but that should be good enough for their food, health care, cost of the caretaker, livelihood, and medicine and social participation. The cost may differ from person to person and depends on their severity of problems and needs. In fact, the current amount is not enough for that purpose and it is not need-based

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order provided by Sudarshan Subedi to the author.

<sup>4</sup> Persons with disability are issued four kinds of cards based on the severity of disability: i. red card to those with profound disability; ii. blue to those with severe disability; iii yellow to those with moderate disability; and iv. white to those with mild disability.

and the distribution policy and process is not scientific at all because it has adopted a blanket approach.

—Manish Prasain, Programme and Administrative Manager,  
NFD–N, Kathmandu<sup>5</sup>

There is also the fact that even those entitled to disability allowances face barriers in accessing them and exclusion rates are high (Holmes et al 2018).

## **METHODOLOGY AND DATA FOR THE PRESENT STUDY**

This paper is an effort to understand the perspectives of recipients of the disability allowance, starting with the process of applying for and receiving the grants to the perceived impact on their lives. It explores if the government provisions related to social protection of persons with disability works well, and whether the new political structure has prioritised service delivery. Information for this study comes from officials and the study reports of the NFD–N in Kathmandu and their Province 1 office in Biratnagar. Qualitative analyses are drawn from interviews with recipients of disability allowances and their family members as well as other stakeholders in the study area of Biratnagar Metropolitan City in Province 1, such as representative organisations working for the disabled, civil servants at the decisive level in Province 1, the head and members of the social protection section of Biratnagar Metropolitan City, and the civil society in general.

The recipients were personally interviewed at home, the ward office, office of the municipal executive, and at the banks from where the beneficiaries collect the allowance. The author also closely observed the entire process of disability identity card distribution as well as of the inclusion of persons with disability under the social security scheme, and whether they could be categorised appropriately in terms of their disability status. The author also made an effort to understand whether the allowance provided could bring any positive change, such as addressing the recipients' poverty level, and also whether it led to increased investment opportunities or other forms of income-generation efforts.

One of the significant limitations related to this study is that there is

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<sup>5</sup> Written response to author's queries, 29 August 2019.

lack of precise data of persons with disability in Nepal. According to the 2011 census, Province 1 has a total population of 4,534,943, of whom 2.08 per cent (i.e., 94,640) are reported to have some form of disability against the national statistic of 1.94 per cent (CBS 2011). In Biratnagar itself, the incidence of disability is 1.77 per cent of the total population (Karki 2019).

**Table 1: Gender Distribution of Disability Allowance Recipients in Biratnagar (2018/19)**

Type of Disability	Male		Female		Total	
	Number	%	Number	%	Number	%
Profound Disability	191	48.0	127	51.2	318	49.2
Severe Disability	207	52.0	121	48.8	328	50.8
Total	398	100.0	248	100.0	646	100.0

Source: Biratnagar Metropolitan City, Office of the Municipal Executive, August 2019

The official record as received by the Biratnagar Metropolitan City from the erstwhile Women and Children District Office (WCDO) in Morang district showed that 1200 disability identity cards had been issued within the metropolitan city in the fiscal year 2017–18. The city office was updating its database prioritising the first two categories—profound and severe—for the purpose of providing the disability allowance for the fiscal year 2019/20. But, the data handed over by the WCDO was yet to be updated for the other two categories—moderate and mild. At the end of the fiscal year 2018/19, there were 646 beneficiaries of the disability allowance in the 19 wards of Biratnagar Metropolitan City.

The Biratnagar Metropolitan City organised a special three-day camp on 25–27 August 2019 for the renewal and replacement of the old identity cards issued by the WCDO and to issue identity cards to new applicants. There were 200 old card-holders and 50 new applicants present at the camp. The author observed the process over the three days in the capacity of an independent researcher and interviewed 50 old card-holders (allowance recipients) and 10 new applicants (allowance non-recipients) at the camp. Such special camps organised for the verification and issuing of identity cards have been quite effective since the registration process can be completed by providing integrated services. The author also attended an interaction programme on 28 August 2019 with members of Province 1

provincial assembly organised by the NFD–N Province 1 to understand the perspectives of persons with disability and the response of the lawmakers to them.

## **SERVICE DELIVERY**

People with disability are targeted as the key beneficiaries of social protection schemes, however, their participation in the existing programmes needs to go through several influencing factors (Banks et al 2018). The process of delivering SSA to persons with disability begins with their enrolment process to get an identity card describing their level of disability. Beneficiaries appreciated the camps organised for enrolment and renewal of their identity cards. Biratnagar Metropolitan City organised four different enrolment camps in 2018 besides the regular enrolment process at the municipality office through references from the ward offices. The designated staff at the Social Protection Section in Biratnagar Metropolitan City explained that some people had even visited the office five times just to complete the registration process and that this was also due to the changes in the place and process of registration. One positive aspect was that the office had been shifted to the ground floor of the municipal building.

Ward officials said that they hear complaints of the disability allowance amount not being sufficient to address the recipients' basic needs. Besides, several persons with profound and severe disability have trouble receiving the allowance physically. It is not possible for many of them to go to the bank. Not only the roads, but the ward office, the municipality building, and the bank are inaccessible for them. Additionally, it is very difficult for them to use the restrooms in the public offices. In an interview with the author, a ward secretary said that it would be much easier if the Social Welfare Section of the ward office could be friendly for the persons with disability and if the ward office was also provided with trained staff to deal with issues of persons with disability.

Accessing the allowance from the banks is not always an easy process. There are five branches of the two banks where SSAs are deposited (four branches of Rastriya Banijya Bank and one of NIC Asia Bank) for the 19 wards in the city. The buildings used by the banks in most cases are rented buildings, and are not friendly for people with disability. An assistant bank

manager in one of the Rastriya Banijya Bank branches during an interview in August 2019 said they try to help people with disability in various ways beginning with privileged service as soon as they enter the bank premises. Even the bank security guards are advised to provide necessary support to facilitate them at every step of the banking process. But he also admitted that there are limitations, such as:

- banks being generally crowded in the first week of every month with pensioners;
- banks not being able to give less priority to ‘big customers’ such as corporate and business houses;
- operating a separate counter at the front desk or on the ground floor is often a security issue for the bank;
- SSA recipients expecting to have the money in their hands as soon as the local government sends the amount to the bank; and
- sometimes there being inconsistencies in signing cheques and other documents by persons with disability which makes it difficult for the bank to process payments.

The banks expect their clients to have basic knowledge about banking such as literacy on opening and operating accounts as well as awareness of the minimum duration required for the clearance of the cheque provided by the local government. In most cases, the local government sends cheques drawn on the Agricultural Development Bank, whereas the accounts opened for the purpose of paying allowances are at the Rastriya Banijya Bank or the NIC Asia Bank.

## **RECIPIENTS’ PERSPECTIVES**

An evaluation of the government efforts shows that in spite of multiple challenges such as the 10-year-long civil war, political instability, and the devastating earthquake, Nepal’s constitution is a human rights-friendly document; it is a disability-friendly constitution. Nepal has adopted ideal policies and programmes for people with disability. There are constitutional provisions of participation and reservations for the disabled. Free education,

scholarships for the disabled, discounts in travel fares, reservations in civil service, some private and non-government organisations, too, have special provisions for persons with disability. But their implementation at the lower levels has big challenges. Besides, there is lack of proper monitoring and evaluation of these programmes.

—Sudarshan Subedi, President, NFD–N,  
on Kantipur TV, 3 December 2018

Disability limits people's access to employment, and that leads to their economic and social exclusion (Singh 2016). Studies also show that poor people with disability are caught in a vicious cycle of poverty and disability, each being both a cause and a consequence of the other (UNESCAP 2012). The National Survey on Living Condition of Persons with Disabilities in Nepal states that access to employment among persons with disability is very low. This is similar for households with family members with disability as well (Prasai 2017). The disabled population share of 1.94 per cent according to Census 2011 equals 503,395 people of whom 163,000 are of the age group 16–40, comprising 1.52% of the national population of that cohort. But, there is no disaggregated data available on disability and employment.

For persons with disability, it is important that the government's social security initiatives provide cash allowances. Recipients felt relieved with the increment in allowances announced in 2017–18, although, as many have expressed, the increment was not adequate.

I am happy that I will be receiving an allowance of 3000 rupees from next month, which is an increment by 1000 rupees to what I am receiving now. A small family, at least, can survive with 1500 rupees for buying rice and 1500 rupees for a cylinder of cooking gas and some salt for the month. However, there are also disabled with some sort of capacity for working to earn for their living. The government should search for all possible avenues for their engagement. They should be provided with the skills and necessary support for their livelihood. The government gives away 3000 rupees but the family may have needs worth 10,000 rupees. Will the government be able to provide that amount?

—A 63-year-old fully disabled male wheelchair user, August 2019

Some of the beneficiaries complained about the lengthy and tiring process in the banks and the hassles that service-seekers face at banks and in local government offices. A few of them wanted their registration to be done from home or online, and the grant to be delivered to them at their door-steps every month.

I lost my blue identity card and have come here [Metropolitan City office] to get a new one. My *buhari* [nephew's wife] held my hand in a city rickshaw to reach to the office. She paid 60 rupees for the fare and will have to pay the same amount returning home. The ward office next to my house told us to come here. I didn't know if I could get my card there. I need this card to get money from the bank. Last time, they gave me 2400 rupees. I went to the bank with the help of my *buhari*. It also needs 30 rupees per person to reach the bank. The bank counter is upstairs where there was a long queue in the bank. I had to stand for one and a half hour. In between, I needed the toilet which was again downstairs. It's very difficult.

—A 68-year-old severely disabled (blind) single man, August 2019

Some others believed that the government should also focus on and invest in removing the obstacles and empower the persons with disability. There were also persons with disability who felt that the provision of grant challenges their dignity and personal efficiency. This group did not want to be passive recipients of public funds in charity and pleaded for a rights-based approach in distribution of opportunities. They were of the view that there is expertise among persons with disability who can contribute in various sectors. They should be recognised and utilised, and they should be paid accordingly for their work, rather than being given the SSA without any contribution back to the society.

The most severe form of exclusion is not being able to get a job because of their disability. There is no doubt that if a person is working or is engaged in economic activities, the level of discrimination he or she faces at home and society is considerably reduced. Those who are not able to work often find themselves facing more discrimination even within the family.



I have a blue card. They give me 2400 rupees every four months.<sup>6</sup> I have a wife and two children. I find it hard to manage my family [expenses] and educate the children. I wish both my children get an education. Any job of my capacity and a job for my wife could help my children for a hopeful future. I request the state to take supportive measures to educate my children and provide some vocational skills and income-generation skills for all the members of a family of a disabled person like me.

—A 40-year-old severely disabled man using assistive devices  
to move around, August 2019

## **UNDERSTANDING THE RESPONSES**

One of the main objectives of this study was to understand if the disability allowance recipients are satisfied with the cash allowance. Disability, in many situations, is a cause of economic poverty and the social protection provisions aim at poverty reduction. The 2030 Sustainable Development Agenda (Target 1.3) focuses on ‘implementation of nationally appropriate social protection system’ to achieve the goal of ending poverty. The NFD–N Province No. 1 office is found active in their campaign of advocating and sensitising the disability rights guaranteed in the Constitution and the special provisions in Goals 4, 8, 10, 11, and 17 in the Sustainable Development Agenda 2030.

The respondents felt that the government could reframe policies and programmes to explore their expertise. They talked about the need for the creation of employment and entrepreneurial opportunities for the unemployed among the person with disability. The enrolment of persons with disability could be done at home along with automatic renewal of their cards, something that should be feasible in a metropolitan area like Biratnagar. It is difficult to disagree with the respondents’ claims that for any person with complete and severe disability, visiting the offices five times is harassment for them and their custodians.

The idea of providing four different categories of disability ID cards as per the Procedure for the Distribution of Identity Cards to the Persons with

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<sup>6</sup> The allowance was NPR 600 per month for a blue card holder before the increment to NPR 1,600 in September 2019.

Disability (2019) is practical and somehow seems scientific as it helps planners and implementing agencies understand which category deserves more social protection. It also helps to decide which people need more support for employment and self-employment schemes. However, the problem is of reliable data and statistics. Absence of updated data and comprehensive information of persons with disability is leading to a negative impact on policies and programmes. The other major problem is the lack of knowledge on disability and technical know-how among the public officials in identifying the category of persons with disabilities.

Empowerment of persons with disability will provide sustainable and inclusive social protection for them, and in turn will decrease the financial pressure on the government. There is also the need for capacity building of government agencies on disability issues. Disability specialists need to be hired by them to feed into plans and policies aimed at persons with disability. Ensuring comprehensive and disaggregated data and information of persons with disability to all government agencies is crucial.

Since with age, the severity of disability increases, persons with disability would be within their rights to expect their SSA to increase as well. Large numbers expect their yellow cards to be replaced by blue, and blue by red, recognising the level of their severity so that they get better protection from the state.

## CONCLUSION

The state's response through the social protection scheme for persons with disability is positive. However, there was a call for a more equitable social protection mechanism that included making services more accessible to the disabled and providing livelihood programmes for them and their families. Greater inclusion of persons with disability in the labour market could help break the vicious cycle of poverty within one section of the population who are almost uniformly poor. The available infrastructures and services for delivering the SSA are not easily accessible to people with disability.

Some families with members with disability were not aware about the social protection policies and programmes of the state. Mass awareness and sensitisation remains necessary in the community. The ward offices, *tol*-level organisations and organisations working for persons with disability

can work together in awareness campaigns. Civil society could play more important role in creating a positive attitude towards persons with disability and in the circulation of information.

The need of an improved and advanced process of disability assessment was highly felt. Further studies of these wider perspectives of both the disability allowance users and the government agencies concerned can help in developing a more practical approach on the issue. More inclusive, scientific and feasible studies should be launched to examine the sustainability of this popular scheme.

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# How Nepal's Social Security Allowances Can Support Emergency Flood Responses

## Case Studies from Three Districts

**Rebecca Holmes and Anita Ghimire**

### INTRODUCTION

Utilising existing social protection systems or programmes as part of an emergency response has gained political traction over the last few years; moreover, the context of the COVID-19 pandemic has led to unprecedented social protection responses around the world. International experiences show that large-scale social protection programmes which provide regular and predictable transfers to poor households can be a cost-effective and efficient mechanism to support shock-affected households (Bastagli et al 2016; Grosh et al 2011). Before the pandemic, the focus on the 'shock-responsiveness' of social protection systems often related to a country's vulnerability to climate-related shocks. Indeed, in Nepal, the 2015 earthquakes and the 2017 floods were catalysts for thinking and acting more strategically about using the social protection systems as a way to support emergency responses.

In the aftermath of the earthquakes in 2015 for instance, the Ministry of Federal Affairs and General Administration (MoFAGA) of the Government of Nepal and the UNICEF implemented an emergency cash transfer programme (ECTP) which utilised elements of Nepal's social security allowance (SSA) system (cash transfers targeted to senior citizens, single

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women, people with disabilities, children under 5 and citizens of endangered ethnicity). The ECTP was funded by UNICEF and used the SSA beneficiary list and existing delivery system to transfer or (top-up) payments to existing SSA beneficiaries in 19 programme districts (430,000 beneficiaries) affected by the earthquake and expand the child grant transfer to all children under the age of 5 in 11 districts (300,000 beneficiaries) most affected by the earthquake (Merttens et al 2017).

Two years later, in 2017, devastating floods affected 1.7 million people, destroyed or damaged 190,000 houses and displaced tens of thousands of people (NPC 2017). Social protection was not used in the emergency response; however, the scale of the disaster prompted further investigation as to whether utilising the SSAs would be an appropriate response to future floods. As such, the study which this paper draws on (Holmes, Samuels et al 2019) was commissioned, to assess the ‘readiness’ of Nepal’s five cash-based social security allowance (SSA) schemes in response to floods.

The focus of the study was to assess whether the SSAs could be used in the immediate future (in 2019/2020), and to critically assess whether using the SSA system would be appropriate. In particular, we looked at the key features and broke down the components of the existing system across the areas of programme design, implementation, and policy, capacity and co-ordination. Further, a separate study was commissioned on financing. In this paper, we draw out the key findings from our study which included field work conducted in Bardiya, Rautahat and Jhapa (see Box 1) and asked whether the SSA system in Nepal has the critical foundations in place across the key components of the social protection system to effectively support an emergency response to future floods.

## **EXPERIENCES OF FLOODS**

Each year Nepal faces seasonal weather patterns which result in floods, droughts or fires. Climate-related hazards like this are predictable events in the country, but the frequency and intensity of such events can change, and are likely to increase in the future. In 2017, the floods affected 27 of the country’s 75 districts, affecting 1.7 million people.

In our research study conducted in 2018, we talked to the people in three communities in Bardiya, Rautahat and Jhapa who had been affected by the

2017 floods. According to the Ministry of Home Affairs (MoHA) (2017) 134,804 people in Bardiya, 24,980 people in Jhapa and 266,486 people in Rautahat were affected by floods in 2017 alone. Our respondents in Bardiya noted that the construction of a dam on one side of the river resulted in significant flooding into villages on the other side while in Jhapa the excavation of sand on the Indian side of the border has led to the deepening of the Mechi river, resulting in changes in the river direction, which in turn has led to flooding and the erosion of land on the Nepali side for more than a decade.

### **Box 1: Research Methodology**

The research methodology utilised a three-pronged approach: a review of existing literature, collection of primary qualitative data, and analysis of the 2016 data from the Nepal Household Risk and Vulnerability Survey (NHRVS) (World Bank 2017).

A brief review of literature was done prior to designing the data collection strategy and tools. The review included looking into published and grey literatures, current DRM and SSA policies, institutional settings, and coordination/synergies with social protection at the national and local levels, international experiences of targeting cash in emergencies and existing strengths and weaknesses of the SSA schemes in Nepal general.

Primary data was collected using participatory qualitative methodology in 3 districts (Rautahat, Jhapa, and Bardiya) which had been most affected by floods in 2015 and 2017 as well as having a long history of flooding.

A total of 65 interviews were conducted: 24 key informant interviews (7 at the national and 17 district/ward level), 22 focus groups discussions (FGDs), and 19 in-depth interviews (IDI). Respondents for the FGDs were people who received the social security allowances. Groups were separated on the basis of sex and type of allowance they received. The study had limitations, including that those affected by floods were largely from similar settlements and had a relatively homogenous composition. With the exception of respondents in Jhapa, people belonged to the same ethnic and socio-economic status: poorer Muslims and Tharus in Bardiya and Madhesi in Rautahat.

Agriculture is the main source of income in all the three districts and the impact of flood on agriculture has been huge. In Jhapa respondents were concerned more about gradual erosion of their agriculture land and the flood sweeping their crops each year. Respondents shared that they have lost more than half of their land due to yearly flooding since the last few years. This erosion has been distressful for land-owners as well as sharecroppers and those do agriculture on leased land. In Bardiya and Rautahat, displacement and loss of assets including in-house assets (such as food grains, seed and livestock, cash and other valuables) and production related assets (agricultural land, agricultural tools, overflowing of fishponds and thus loss of fish, burying of planted crops or sweeping away of harvest by flood) and destruction of house and animal sheds are major impacts. In all the three cases, food insecurity becomes a problem not only for the poor who do not have land and share-crop or rent lands, but also for middle-class landholders as when crops are swept or buried, they lose both the existing food supply as well as seeds for the next plantation. Flood-hit communities experience severe lack of food, water, sanitation, medicines, shelter, education, recovery and protection immediately after flooding.

Besides this, the risk of being swept away or drowning is of particular concern to those who are generally more vulnerable in day-to-day life, those who have more limited mobility or limited access to early warning information, such as older people, pregnant women, women with small children, single women and people with disabilities. Families noted that there is a constant fear that their children may drown or fall into ditches and drainage channels. The aftermath of the flood though has wide-ranging direct and indirect effects on community members, ranging from those who experience devastating losses and displacement living on public land near river banks—common among poorer households in Bardiya and Rautahat, but also amongst sharecroppers and rich landlords of tea estates and paddy fields in Jhapa—to the destruction of infrastructure, the disruption of livelihood activities, transport and basic services, rising food and transport prices and high levels of sickness and ill-health. For example, in Bardiya and Rautahat, people reported living on the roads or by the dams for two weeks after the initial floods. In Jhapa, the erosion of agricultural



land was a significant challenge for families who live off sharecropping. While communities help each other when they can, people often have no alternative but to seek small loans from relatives, or to take larger loans—often from landlords rather than banks or formal financial institutions—for the reconstruction of damaged houses and for costs of treatment of sick family members. These larger loans incur high interest rates—up to 36 per cent as mentioned by a beneficiary of the single women’s allowance Rautahat.

**Table 1: Summary of SSAs**

Type of grant	Target groups	Amount per month (Nepali Rupees)	Frequency of transfer
Child grant	Dalit hhs with children (0-5 years)	400	Every four months
Single woman's allowance	Widow of any age	1000	Every four months
Senior citizen's allowance	70 years and above for all except Dalits and Karnali zone residents (60 years)	2000	Every four months
Disability allowance	People with disability (based on assessment)	2000 (red card holders) 600 (blue card holders)	Every four months
Endangered ethnicities citizen allowance	People belonging to any of 10 endangered ethnic groups identified by the government	2000	Every four months

Source: Adapted from World Bank 2018b.

## THE SOCIAL SECURITY ALLOWANCE (SSA) SYSTEM IN NEPAL

The social security allowance schemes have grown rapidly in the last few years—both in terms of coverage as well as incremental increases in the value of the cash transferred (World Bank 2018b). The SSA was first envisioned in the interim constitution of Nepal of 2007 and succeeding constitutions have built on this foundation. The latest 2015 constitution has established the categories for SSA recipients as senior citizens, single women, people with disabilities, children under 5 and citizens of

endangered ethnicity in a poor, incapacitated or helpless state. There are also other social protection programmes which are geographically targeted (see World Bank 2018b). Table 1 gives a summary of the five SSA schemes we discuss in this paper.

In May 2019, the five SSAs combined covered more than 3.2 million people. The highest coverage comes from the senior citizen grant (1,359,788 people) and the child grant (925,457 children) as per 2020 government data<sup>1</sup>. The value of the transfer varies—with the highest value of NPR 2000 (USD 16.77) benefiting senior citizens and people with the most severe disability. The lowest transfer value is the child grant, at NPR 400 (USD 3.35) per child.

All the schemes are domestically funded from taxes. At the central level, the Ministry of Federal Affairs and General Administration (MoFAGA) makes the overarching policy and programme design and the SSA cards for various schemes while the Department of National ID and Registration under Ministry of Home Affairs keeps data of the beneficiaries including those who have died or permanently migrated in order to exclude their names from the list. The municipality office works as an intermediary; it forwards approved SSA beneficiary lists to the ward offices and the cash to ward office in the case of manual cash transfers and to the bank in the case of bank transfers. As of 02 May, 2020, 137 municipalities (out of 276) and 285 rural municipalities (out of 460 rural municipalities) have a bank transfer system with the government in process to extend the system throughout the country. Information on cash transfers are also collected at the municipal level.

The wards are responsible for SSA delivery as well as helping people with documentation for participation in the scheme. Potential beneficiaries need to register themselves at the ward offices for receiving SSA allowance, and submit their documents in the ward. The ward offices submit the documentation collected from potential beneficiaries to the municipality and MoFAGA. Previously, once verified, the documentation used to be sent back to the ward, while under the new arrangements, the process goes through the municipalities and urban municipalities directly.

Registration for senior citizens are open three times a year while for the

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<sup>1</sup> Data from 3 Apr 2020, available at [www.donidcr.gov.np/Dashboard](http://www.donidcr.gov.np/Dashboard).

other schemes, people can register anytime they are eligible. The disability grant is based on demand, and involves an assessment process (Holmes et al 2018). Documents needed are collected by the ward office.

## **WHAT ROLE CAN THE SSAS PLAY IN THE CONTEXT OF FLOOD RESPONSE?**

There has been a proliferation of literature on shock-responsive social protection over the last few years (OPM 2015; EC 2019; Seyfert et al 2019). Recent frameworks on shock-responsive social protection set out a typology of social protection responses, which typically include:

- vertical expansion (increasing the value, number, or duration of payments for an existing programme);
- horizontal expansion (adding new beneficiaries to a programme, including extending geographical coverage, extraordinary enrolment, modification of entitlements or conditions);
- piggybacking (utilising a social protection programme's existing administrative infrastructure for delivery of a separate programme); and
- shadow alignment (developing a parallel humanitarian system that aligns as best as possible with a current or possible future social protection programme) (OPM 2015).

More recently, there has been an attempt to unpick these typologies by looking at the system components under the categories of policy, programme design and administration, and to assess how each of these components might be used in the context of shock-response (Seyfert et al 2019).

For the rest of this paper, we present the findings from our 2019 study, disaggregating the discussion across key system components, assessing the extent to which the components can potentially be used in support of a future flood emergency response. In the following sections, we first focus on programme design, then move on to administration/delivery systems, and finally discuss policy and coordination components.

## PROGRAMME DESIGN

For social protection to be an effective part of emergency response, social protection schemes need to be operating at scale and already be targeting the households who are affected by the emergency (Bastagli and Holmes 2014). In our assessment, we looked at whether the SSAs are operating at a scale which covers a significant proportion of the flood-affected population. We also took into account equity considerations and whether targeting criteria are seen as appropriate in the context of emergency flood response in the community. Another key assessment area was the appropriateness of the type of transfer, timing and value of the benefit in flood response.

**Coverage and Targeting:** The SSA system as a whole in Nepal covers approximately three million people, however, when we look at the extent to which there is an overlap between SSA beneficiaries and flood-affected populations by analysing the 2016 Nepal Household Risk and Vulnerability Survey (NHRVS) data, we found that the proportion of previous flood-affected populations currently in receipt of an SSA would be only around one-quarter of the affected population (Table 2). The key concern here therefore is that the SSA has *low coverage of the potential target group*, only covering a small proportion of the affected population. There are two important considerations here: one is that there are exclusion errors in the schemes whereby even all those who are eligible for the schemes are not currently receiving benefits; and the second is that the low coverage is due to the eligibility criteria of the SSAs—that the majority of the population affected by floods are not SSA beneficiaries.

As such, given the low rate of matching coverage, if the SSAs are to be used in a future flood response, there would need to be an expansion of the SSAs in order to reach more of the affected population, and/or significant coordination between actors if the SSA beneficiary list were to be used as it is, in order for other actors to reach the majority of the flood-affected population not covered by the SSAs. In our study, we examined two alternative scenarios of using the 2016 NHRVS data to expand coverage.

The first scenario expands coverage of the SSA schemes to 100 per cent of the eligible population and found that matching coverage would increase to approximately 30 per cent. This is still relatively low, and also assumes

that the exclusion rates currently seen in the SSA schemes could be overcome (see section below). Estimates suggest that current take-up is around 70 per cent for most of the allowances, and significantly less for the disability allowance (Holmes et al 2018). Moreover, indications suggest that there may be unequal coverage of the disability grant between men and women (Holmes, Bhandary and Jha 2019). These inequalities should be key considerations when examining the appropriateness of expanding social protection schemes in the context of crisis, as crisis response should not exacerbate or widen these existing exclusion errors and inequalities.

**Table 2: Population in Households Affected by Flood Shocks and Currently Receiving an SSA**

<b>Social Allowance</b>	<b>% Population Living in Households Receiving SSA</b>	<b>95% Confidence Intervals</b>	
Old age allowance (standard error)	12.1 (0.03321)	4.4	19.7
Single women's allowance (standard error)	10.8 (0.01882)	6.5	15.2
Child under five allowance (standard error)	1.4 (0.0076594)	-0.4	3.1
Disability allowance (standard error)	2.9 (0.01277)	0.0	5.9
<b>Cumulative totals</b>			
Any of four allowances (standard error)	25.1 (0.0301)	8.2	32.1
More than one allowance (standard error)	7.4 (0.02581)	1.4	13.3

Source: Holmes, Samuels et al, 2019.

The second alternative scenario expands the SSA targeting criteria of the child grant to all eligible households in flood-affected districts (in the NHRVS data) and to all those aged 60 and above ('horizontal expansion'). The analysis shows that expansion to all children under five years old has the biggest effect on covering the flood-affected population, up to the margins of 60 per cent of the population. Moreover, it is likely that larger

families are associated with households with lower monetary welfare.

There are key considerations to take into account around the speed in which a horizontal expansion could occur through existing registration procedures, or indeed whether adaptation of registration would need to be implemented (see section below). Moreover, there is also a question on how to identify and reach the affected and eligible population. Whilst the ECTP earthquake response used geographical targeting because of the widespread damage of the earthquakes, floods tend to be more localised. At present, there is no automatic way of knowing whether an SSA beneficiary household is affected by a flood, or likely to be affected by a flood. The way in which emergency response targets households is that all community members in the geographic location affected by floods are included in a manual assessment carried out by an emergency relief team. In the 2017 floods, a tiered targeting and response mechanism was used: in the immediate aftermath of the flood, targeting was ‘universal’ in specific geographic locations affected by the floods, and no documents were required to receive emergency relief. The subsequent assessment criteria for targeting later response and recovery were based on levels of destruction to houses, and proof of citizenship was required. However, discontent was noted by those affected by the floods, as the focus on physical household infrastructure came at the expense of criteria which would address other needs, such as loss of crops or livelihoods.

Given this context, we need to carefully consider how using the SSA beneficiary list in flood response could work with, or support and improve, existing emergency targeting mechanisms at particular points of time—in the immediate response or later in the recovery stages. Some research suggests that the most vulnerable groups may be unfairly excluded from recovery interventions due to lack of ‘voice’ or lack of documentation. While this requires more evidence, it does suggest a potential role for the SSA to increase the accuracy of targeting and closing this coverage gap given the existing focus on categorical vulnerable groups. However, evidence also indicates that those who are excluded from emergency response are also likely to be excluded from the SSAs (King and Ghimire 2019; Schjødt 2017). As noted above, for example, there is particular concern around high exclusion rates of the disability allowance (Holmes et al 2018),

possible higher levels of exclusion amongst women than men (Holmes, Bhandary and Jha 2019) and people who do not have citizenship who are excluded from SSAs (King and Ghimire 2019; Schjodt 2017; World Bank 2018b).

***Appropriate Type, Value and Frequency of Benefit:*** As the SSA schemes deliver in cash, the potential use of cash in emergencies should be assessed regarding their appropriateness in flood response. Consideration of the value and timing of the benefit to meet its intended objectives is also vital.

The use of cash in both social protection and humanitarian sector interventions has increased in the last decade, although in-kind transfers still tend to dominate emergency response in some areas (see Table 3 below). Cash has particular benefits both from the delivery and the recipient side, in terms of its efficiency and ability for people to prioritise expenditure based on their most pressing needs. In Nepal, there is a history of government-led cash-based responses in both sectors, but there are still on-going discussions and divergent views about the suitability and appropriateness of cash versus material transfers during emergencies. On the one hand, local NGOs felt pressure from international donors to give cash despite being unsure if it was the best form of support and feeling that it might not lead to the intended outcomes. There were also opinions that the cash could easily be misused in other ways, and fears about cash posing security risks.

Other studies, however, show that people are more likely to use their own material resources if cash is given as an immediate response (Willitts-King and Ghimire 2019). Key informants who worked in delivery of emergency response also found that if markets are functioning, cash (or voucher) responses are better than material responses as people are more likely to use their own resources and only buy things that are useful to them. Those who favoured cash also noted that it can reduce transportation challenges, and some noted that material transfers were also problematic, with some beneficiaries selling the materials given.

Other key considerations are the value and timing of the cash transfer provided in emergency response. As noted above, the SSAs vary in the amount transferred, depending on which type of benefit is received, and the value is not specifically linked to any clear objectives: NPR 400 per child

**Table 3: Cash vs Kind Support in Post-Flood Saptari**

Source of Support	Total Households Receiving This Support	% of Sample Population	Specific Organisations			Cash	Kind	Loan	Psycho-Emotional Support
Relatives/ community	144	29				12	114	4	14
			VDC	District/ province	Federal				
Government	208	42	146	71	1	85	121	0	2
			Red Cross	Other NGOs					
Nepali NGOs	301	60	286	48		6	284	0	11
Private companies	1	0					1		
			UN	INGOs					
International agencies	157	31	77	108		16	141		

Source: Willitts-King and Ghimire 2019



for the child grant per month; NPR 600 per blue card holder for the disability grant per month; NPR 1000 for the single women's allowance per month; and NPR 2000 per person per month for the others (severe disability, old age allowance and endangered ethnicity). Whilst the value of the transfer is calculated per month, the transfer is delivered every four months; at the national Hindu festival (Dashain), before the cold waves, and before the end of fiscal year (approximately in May, September and January). Floods typically occur in the monsoon season around July. Consideration of the timing therefore includes whether pre-emptive top-up or expanded transfers to flood-prone areas would be appropriate (e.g., forecast-based financing), whether medium-term recovery efforts would be most appropriate as part of the September payments which would also reduce additional administrative burdens for an 'extra' payment or indeed, whether an extra payment in July/August immediately after the floods would be appropriate and feasible (more on this discussed below).

In terms of the value of the transfer, emergency relief calculations are often based on food basket needs: in the previous 2017 flood response, the immediate universal response transferred NPR 2,100 per person and was calculated on the basis of food needs per person over a period of two months. As such, calculations were made according to the number of members within a household.

One of the key considerations of using the SSA value (or adapting its value to meet emergency needs) and the targeting list in an emergency, therefore, is that the benefit is transferred to the individual, and not the household. However, the analysis of the 2016 NHRVS data shows that if coverage of shock-affected populations is determined by SSA receipt, there will be 7.4 per cent of the population who live in households where there is more than one SSA in payment (95% confidence interval bounds suggest this could be as low as 1.4% or as high as 13.3%) and this percentage increases with expanded coverage.

This potential for duplication raises applied questions about whether payments should be made at the individual level regardless of household composition and size, or whether payments should be amended to reflect the household population alongside the individual beneficiaries. Of course, the presence of integrated registries and administrative data across the SSA

schemes would allow for adjustment in such cases, but the underlying problems of fairness raised in our qualitative data could be significant: using SSA schemes would not only give between 25–30 per cent of the population a different and particular shock response, but within that population, the generosity of payment at the household level would vary, with implications for equity and acceptability.

***Equity and Acceptability.*** There are also issues of equity, and acceptability, to consider when adapting a social protection scheme to respond to shocks. Community perceptions about using social protection in an emergency response, and identifying ways to mitigate any potential negative effects in the community, are critical (Holmes and Costella 2017). In our study, we found that respondents who received allowances reported that the allowance—or a top-up—would be of use to them (and their families) in times of crisis. Some respondents already use their SSA money during floods, spending it on clothes, medicine, food and household needs, often sharing it within the family. Some of them also noted that they give it to family members such as sons who are responsible for taking care of family needs. However, community perceptions in relation to using SSA schemes for emergency needs were not always positive, and community members raised concerns that people who are most likely to be affected by floods are those that live near riverbanks or where rivers takes an alternate course when flooded, and there is no correlation between SSA beneficiaries and this spatial location. This supports the analysis from the survey data above on the low matching coverage between SSA beneficiaries and flood-affected populations.

Using the SSA scheme to respond to floods in a broader geographic area would mean that people who live far off from the river may receive a benefit (or additional benefit) whereas others may not be eligible for support through the SSA but experience severe impacts of the flood. Indeed, issues about fairness came up frequently in our interviews and discussions with communities. Respondents often expressed dissatisfaction with the targeting of emergency response when it was not universal, with complaints about a lack of transparency, perceived nepotism, fraud, and misuse of relief, exclusionary processes and the politicisation of relief. While beneficiaries reported that SSAs could be beneficial in helping them during

floods, the majority of respondents also emphasised that if SSA beneficiaries received a flood response allowance, and others in the community did not receive the same response at the same time, it could result in community tensions. This highlights the importance of efforts to communicate the scope of the programme and eligibility criteria to minimise tensions, and the importance of using the SSAs within a well-coordinated emergency response to respond to the scale of need.

## PROGRAMME DELIVERY AND SYSTEMS

The capacity and flexibility of the system to deliver transfers in a crisis is a key criterion for success—this includes potentially enrolling new beneficiaries at speed, ensuring delivery procedures are not disrupted by floods and beneficiaries can access the transfers, as well as the ability to provide clear information, communication and access to grievance mechanisms. This is especially important if social protection schemes are to be used as part of an emergency response, as the change in objective can create confusion between regular scheme benefits and emergency responses (OPM 2015; World Bank, 2018).

***Institutional Capacity:*** For social protection to be an effective response in an emergency, the system must have the capacity to provide a timely response. Capacity constraints at the local level to deliver the SSAs are well documented—particularly staff being overloaded, lack of coordination in the organisational structure, limited management capacity and limited additional funding and other resources to manage the schemes (Hagen-Zanker et al 2015; New Era 2016; Palacios 2016; Schjødt 2017; Holmes et al 2018). While there is a significant effort in place to address these challenges supported by development partners, including through the roll-out of a management information system and the move to a banking payment system, the current move to a federal state also brings its own challenges. Previous local bodies such as ward citizen forums or citizens awareness centres which were capacitated for helping in distribution, documentation and registration process are left out in the new structure.

***Enrolment and Registration:*** The existing registration and enrolment processes have implications for rapidly expanding the SSA system in emergency response. The current registration and enrolment procedures are

quite administratively burdensome (for local government as well as eligible beneficiaries) and slow. The registration process for new beneficiaries (for the senior citizens', single women's or child grant allowances), takes approximately four to six months from enrolment to the receipt of the first payment and longer in case of the disability allowance due to the assessment process (Holmes et al 2018). As such, if the response requires a rapid scale-up of beneficiaries, the existing registration and enrolment process would need to be adapted to allow for a timely response (see also Merttens et al 2017 in the context of the ECPT earthquake response).

In addition to considering rapid scale up, there are also enrolment and registration challenges that present barriers for existing eligible population groups to benefit from the SSAs. For example, older people who do not have citizenship or those with incorrect documentation (e.g. men who migrated from India at a very early age, women involved in marriage migration, birth certificates); lack of knowledge of the SSA schemes and how to apply (especially for ethnic minorities, those with lower levels of literacy, people with disability); lack of portability of the schemes; limited mobility to apply for the schemes at the local government office; and challenges related to assessment and eligibility for the scheme in the case of the disability allowance. These barriers would need to be overcome if the SSAs are to provide adequate coverage in the context of flood-response.

**Cash Distribution:** SSA benefits are generally delivered timely and regularly, with little disruption reported as a result of previous floods (SSAs are delivered before and after the monsoon). Some key informants hence felt that the existing delivery system is robust for immediate emergency response, pointing out that utilising existing government capacity and administrative structures to channel payments to vulnerable groups in times of crisis avoids duplication and expenditure in setting up and investing in another parallel structure for cash transfer. There were suggestions that using the SSA beneficiary list, for immediate cash transfers in the response phase could reduce delays. Once the people from the beneficiary lists are ticked off, the government would have to focus on only the remaining population and so there would be less errors in reaching out and targeting.

Another critical area of importance is the distribution of cash in an emergency through the SSA system. International evidence suggests that

banking systems and e-payments are a key part of effective shock-response payments. While this might work in areas with well-developed transportation systems where old people and people with disability can travel comfortably, this is not the case in Nepal due to its difficult geography and lack of roads in many parts of the country. Hence, there are reservations around the use of banking systems. The ward offices are usually nearer to people, and when recipients, such as senior citizens and people with disability, face problems, there is a practice of local government staff or local civil society representatives delivering cash in hand to people. Indeed, currently the banking system has been rolled out across approximately half of the SSA areas.

Our study reported mixed findings on the effectiveness of banks. On one hand, people reported that they didn't have to queue for payments using the bank, and they found the banking system fine to use to collect their money. While others reported the banks are far and some people faced physical difficulties travelling to the bank, transportation related challenges and costs, and burdensome requirements from the bank asking people to renew their ID cards every year. For many respondents the closer the payment point is to their house, the easier it is for them to collect the allowance. Most elderly prefer the money delivered directly to their home so that they don't have to travel even under normal situations. Travelling to receive the allowance could potentially be even more problematic in times of emergency, given the difficulties in moving around in the aftermath of floods, increases in transport costs and physical difficulties of travelling.

***Clear Information and Communication Channels:*** Even after the local governance act (2074) which specifies roles and responsibilities, there is a degree of confusion around roles and responsibilities at the ward and municipal levels, particularly as they have not gone into full-fledged practice. It is likely that this will take a while to resolve. The important implication here is that if SSA schemes are used for something other than what they were originally intended for, communities need clear information about this, otherwise tensions can occur both in the distribution points but also inside households. In the absence of such local bodies which played important roles in awareness raising and local grievances handling, local government have less human resource to deal with such tensions.

## POLICY AND COORDINATION

Institutional coordination—both in terms of coherent and linked policies across social protection and emergency response and coordination on the ground in terms of implementation—as well as the implications of the new federal system are key considerations for using the SSAs for flood response in the future.

***Legal Framework and Policy:*** The Disaster Risk Reduction and Management Act (DRRM2) (2074) provides the legal framework for Disaster Risk Management in Nepal. There are four pillars of focus on the act: mitigation, preparedness, response and recovery. During the fieldwork for our study, which happened after the floods, there was an emphasis on response, recovery and preparedness for the next coming disaster, including floods. The Act has the provision to potentially use SSA schemes in a disaster situation particularly in response and recovery and preparedness stages. Key informant interviews in the research finds that after 2015 earthquake, and particularly after UNICEF supported households using the SSA as a basis for the ECTP, this prompted further discussions on the use of SSA in disaster response.

However, when we did our fieldwork in 2018, the policy process had not moved forward. This was also because the newly formed government at the local level were yet to operationalise DRRM related structures (for example, state and ward level DRRM committees had not been formed in any of the study sites). Also, at the central level, the National Disaster Council for policy making and the Disaster Management Authority for executive functions were yet to be convened and the National Disaster Risk Reduction Policy and Strategic Action Plan was still under discussion. However, existing provisions give the province and the local level government the full responsibility in the delivery of emergency response. As the local level government are also responsible for delivery of SSA, there are ample opportunities for linking DRR and SSA schemes from a legal and policy point of view.

***Governance and Coordination:*** Coordination with existing emergency response actors is critical to avoid duplication of efforts, improve

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<sup>2</sup> For the remainder of this paper we use ‘DRRM’ to refer specifically to the 2074 Act, and ‘DRM’ to refer to the various stages in the cycle of disaster management.

efficiency and coverage of the flood-affected population, and reduce the risk of community tensions. Currently, however, there are a number of challenges associated with limited coordination during emergencies. Disaster response is often *ad hoc*, leading to an uneven distribution of emergency assistance. There are mechanisms in place to address this though, including the cluster system and a DRRM committee formed under ‘one door’ policy, which brings together the government, donors, civil society and other public and private stakeholders.

Moreover, the recent DRRM Act also opens up space for collaboration of actors, including those responsible for the SSA schemes. To date, however, SSA actors have not worked closely with humanitarian and emergency response actors. At the same time, the recent changes in roles and responsibilities due to federalisation, together with the new DRRM Act, have also created a degree of confusion in the implementation of emergency response at the local level. For example, the work of the ward chair—which included providing people with references for marriage certificates and citizenship, as well as recordkeeping—has now shifted to the ward secretary. The current elected chair, now a political representative, is responsible for broader policy and programme decisions, while office management is done by the ward secretary (a bureaucrat). Officials in the three case study sites were at different stages in implementing decentralised disaster response mechanisms that align with the new federal system.

Civil society groups at the local level (such as the Ward Citizen Forums, Civic Awareness Centre) also report that their work on supporting beneficiaries and helping eligible people access both emergency response and SSA schemes has so far been hampered by the new structure. While the increased number of representatives at the local level should potentially bring about more positive changes, at the time of our study, these bodies had not yet been formally recognised by the new federal system and had not performed their usual functions.

## CONCLUSION AND WAYS FORWARD

This paper has discussed the possibilities of using Nepal’s national social security allowance schemes (or components of its system) to respond to

emergency floods in the near future. It has drawn on the findings from our study conducted in 2018 using a mixed methods approach including primary qualitative data collection in three case study areas: Bardiya, Rautahat and Jhapa (Holmes, Samuels et al 2019).

There are a number of potential advantages of using components of the SSA system to support emergency response, including using existing government administrative structures to support targeting and/or channel emergency-response payments to reduce duplication of systems and increase targeting effectiveness. However, our findings also show that not all components of the system will be effective response mechanisms in the short-term because of limited coverage of existing SSA beneficiaries and flood-affected populations and existing institutional capacity challenges in delivering the SSAs particularly around lengthy and in some cases burdensome administrative enrolment and registration requirements that may prohibit a rapid scale up of coverage in the short term. Furthermore, several component areas require further consideration before the SSAs are used as a flood response—including the value of the transfer (including individual versus household values), overcoming existing errors of exclusion, and the implications of roles and responsibilities of local government and civil society in the implementation of the allowances and emergency relief. The main implications of the study for the policy-makers' consideration include:

Investing in the SSA system to deliver on its core functions and strengthen its potential to be used as a shock-response mechanism, with particular attention to removing barriers to registration and enrolment for eligible beneficiaries, strengthening local government capacity, and building financial infrastructure and clear information and communication systems

Improving coordination across DRR and social protection actors and programmes. If the SSA system is to be used as a response to floods, it will need to be part of a broader emergency response. Careful consideration is needed to the appropriate timing, targeting and objectives of the SSAs and how this fits local customs and with other emergency response interventions. This requires close collaboration between disaster response and SSA actors at the national and local levels.



Utilising the SSA targeting list in coordination with other emergency response interventions, for example, using the SSA beneficiary list to automatically include SSA beneficiaries in an emergency response—or to automatically exclude SSA beneficiaries from emergency response if the SSA system is providing a separate response (for the latter, see World Bank, 2018), expanding the SSA coverage of the flood-affected population, including providing a ‘top-up’ or ‘additional payment’ to existing SSA beneficiaries after the floods as part of recovery efforts.

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# Implementing Social Protection

## School Scholarships as Case Study

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### BACKGROUND

Social protection is an approach adopted by governments to address issues of poverty and ensure the rights of marginalised and poor communities (Khanal 2013; Köhler, Cali, and Stirbu 2009; Khatiwada and Köhler 2014). Social protection takes various forms—cash or in-kind transfers, social assistance, insurance, and subsidies—and similar schemes have been expanded in Nepal to groups beyond government pensioners—the sole beneficiaries till a couple of decades ago—and now include Dalits, endangered ethnic groups, single women, people with disabilities, girl students, senior citizens, and other marginalised groups (Sijapati 2017). These social protection programmes were mostly initiated during the 1990s and further augmented after the People's Movement and the Comprehensive Peace Accord in 2006 (Khanal 2013; Köhler, Cali, and Stirbu 2009; Khatiwada and Köhler 2014; Upreti et al. 2012; Sijapati 2017; Drucza 2018).

As part of this expansion of the social security network, the Government of Nepal has introduced and implemented the Scholarship Programme in primary and secondary education for students from marginalised backgrounds and a guideline has been drafted to oversee the programme. This guideline named as Program Implementation Guideline 2016/17 shows that the scholarships are divided as residential and non-residential where residential scholarship amounts to NPR 40,000 (approx. USD 344) per year while non-

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residential varies from NPR 400 to 10,000 per year based on distinct categories (DoE 2017b). Residential scholarships are given to students with disability, freed Kamlari,<sup>1</sup> students in mountain residential<sup>2</sup> or feeder hostels,<sup>3</sup> students in schools conducted through public-private partnership, and students from highly marginalised communities (DoE 2017b).

The non-residential scholarship, as per the guideline, covers distinct social groups such as, i) all girl children who receive NPR 400-1500 (ca. USD 3-13)<sup>4</sup> per year; ii) all Dalit<sup>5</sup> students who are entitled to NPR 400-500 (approx. USD 3-4) per year; iii) students from other communities officially recognised as 'marginalised' and 'endangered' who are entitled to NPR 500 per year (ca. USD 4); and iv) 'poor and meritorious' students across all communities who receive NPR 1700 (ca. USD 15) per year (DoE 2017b). The third and fourth types were merged into the Pro-Poor Targeted Scholarship (PPTS) in the fiscal year 2018/19 to provide scholarships to students in Grades 9 to 12 on the basis of their financial situation. There are also scholarships for students who qualify under 'disability', 'resident of Karnali zone', 'martyr's children' and 'conflict-affected'.<sup>6</sup> While each student in the first three categories receive NPR 12,000-24,000 (ca. USD 103-207) per year, the last receives NPR 10,000-14,000 (ca. USD 86-120) per year. The programme also provides NPR 1500-10,000 (ca. USD 13-86) per year to those identified as freed Kamlari (DoE 2017b). All these scholarships operate with cash transfers made by the Ministry of Education to schools for disbursement to the recipients under the School Sector Development Programme. This cash stipend complements the free primary education to which students are entitled, and it is estimated that the scholarships reach at least 3

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<sup>1</sup> Under the kamlari system, a traditional bonded labour system practised in the western Tarai region of Nepal, young girls were made to serve elite families. It has since been abolished.

<sup>2</sup> This scholarship is available to the students in Mustang, Humla, Jumla, Taplejung, Sankhuwasabha, Solukhumbu, Rasuwa, Gorkha and Darchula.

<sup>3</sup> This scholarship is available to the students in Ilam, Okhaldhunga, Mahottari, Sarlahi, Nuwakot, Palpa, Kapilvastu, Dang, Baglung, Rolpa, Dolpa, Kailali, Jajarkot, Jumla, Humla, Doti, Baitadi, Dolakha, Makawanpur and Rautahat.

<sup>4</sup> The NPR to USD exchange rate used in this paper is as of September 3, 2019, 1 USD=116.153 NPR, accessed from <https://www1.oanda.com/currency/converter>.

<sup>5</sup> Groups historically stigmatised as 'untouchable' under the Hindu caste system.

<sup>6</sup> The last two scholarships are given to school children whose parents have died or have suffered over 50 per cent disability, have been injured severely or gone missing during and because of the Maoist conflict.

million children attending primary school (Pradhan et al. 2021). Nepal's School Sector Development Plan (2016/17-2020/21) has budgeted a total of NPR 40,516 million (ca. USD 349 million) for scholarships and incentive programmes, a sum that amounts to 6 per cent of the total education budget for the period (MoE 2016, 110).

It has been argued that social protection schemes like the scholarship scheme have been ineffective in addressing poverty and exclusion in Nepal (Sijapati 2017). However, little is known about what underpins the politics of implementation of these social protection measures, and the results thereof. Drawing on some of the findings of a larger body of research, this paper discusses the politics and other dynamics of implementation of one such social protection scheme in Nepal—the scholarships provided by the Government of Nepal (GoN) to children from marginalised groups studying in Grades 1 to 10 in public schools. It presents evidence about the practices and processes around the implementation of the scholarship scheme, public perceptions towards the bureaucrats and the school authorities involved in implementation, and the beneficiaries and non-beneficiaries of the scholarship.

## SELECTION OF RESEARCH SITES

This paper is drawn from a study conducted in four districts: Ilam, Saptari, Lalitpur (South),<sup>7</sup> and Jumla. Selection of these sites was based on two major factors, state formation<sup>8</sup> and politicisation of subaltern groups. The presence or absence and degree of struggle by subaltern groups have implications on

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<sup>7</sup> Despite being part of Lalitpur, which is part of the capital region, Southern Lalitpur, which lies outside the Kathmandu Valley, is very isolated, remote and underdeveloped. There are constant comparisons of Southern Lalitpur with the Karnali region in Nepal's northwest which symbolises remoteness and underdevelopment at its most extreme. See, for instance, Shiva Hari Ghimire, 'Sadakle Feridai Lalitpurko Durgam Dakchhini Chhetra' (Lalitpur's Remote Southern Part Being Transformed by Roads), *Nagarik*, 7 April 2021, who ends his first paragraph with the words '[Southern Lalitpur] is also known as the Karnali of Lalitpur.' <https://nagariknews.nagariknetwork.com/economy/495301-1617759951.html>; also Ratan Prasad Devkota, 'Karnali ra Lalitpur: Sunda Farak, Dekhda Ustai' (Karnali and Lalitpur: Sounding Different, Looking Alike), 29 September 2016, <https://www.teachfornepal.org/bulletin/2016/09/29/karnali-ralalitpur>.

<sup>8</sup> 'State formation' refers to the development of 'a rationalized-legal administration; the rise of extractive capacity by a central government; and the legitimacy of such authority' (Spruyt 2013).

the distribution of societal resources (Korpi 2006, 168, Huber and Stephens 2001, 341). Among the districts, Ilam is a site with both high state formation and high politicisation of subaltern groups; Saptari has low state formation and high politicisation of subaltern groups; Southern Lalitpur has high state formation and low politicisation of subaltern groups; and Jumla has low state formation and low politicisation of subaltern groups. In each district, three schools (one primary, one lower secondary and one secondary) were selected from a municipality and another three from a rural municipality.<sup>9</sup> While one rural municipality and one municipality have been selected from the other three districts, from Lalitpur district, only the southern part of South Lalitpur with rural municipalities was selected.

## METHODS

The research used both survey tools and qualitative methods consisting of key informant interviews (KII), semi-structured interviews (SSIs), focus group discussions (FGDs), and informal conversations. As presented in Table 1 below, the findings in this paper are based on a total of 123 KIIs, 39 SSIs, 28 informal conversations, and 32 FGDs, along with a survey of 416 respondents.

Key informant interviews were carried out with national-level political leaders, including a former vice-chair of the National Planning Commission (NPC), current and former government officials, former education ministers, civil society leaders and representatives of policy think tanks, head and officials of the Education Development and Coordination Unit (EDCU)<sup>10</sup>, district-level political leaders, school supervisors, members of School Management Committees, head teachers, teachers, and representatives of local bodies. SSIs were conducted with former students and parents. In each district, FGDs were held with two groups, one with parents/guardians of beneficiaries and the other with parents/guardians of non-beneficiaries. All of these interactions were useful in understanding the implementation of and perceptions about the scholarship programme as well as in triangulating information gathered through various sources.

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<sup>9</sup> Guthichaur Rural Municipality was an exception. It has very few lower secondary schools and therefore, only two schools (one secondary and one primary) have been sampled for the study.

<sup>10</sup> The District Education Office was replaced with EDCU which is now based at district level and works under District Administration Office.

**Table 1: Number of Respondents in the Research Sites**

SN	Data Collection Method	Ilam	Saptari	South Lalitpur	Jumla	Kathmandu	Total
1.	KII	25	23	28	24	23	123
2.	SSI	5	15	4	15	-	39
3.	Informal Conversation	17	8	2	1	-	28
4.	FGD	10	0	11	11	-	32
5.	Survey	100	127	105	84	-	416

Likewise, the survey was conducted with 416 parents/guardians of both beneficiaries and non-beneficiaries of the scholarship programme, each treated as a ‘treatment’ and ‘control group’, respectively. All the respondents were selected purposively. The number of respondents in each district was proportionate to the number of students in each district.

**LIMITED ACCESS TO INFORMATION AND LACK OF AWARENESS**

The School Scholarship Management Directive 2017 (hereafter, the Directive) considers the Scholarship Management Directorate Committee to be the body responsible for developing materials for publicising information regarding the scholarships, such as eligibility criteria and the scholarship distribution process. Further, the Program Implementation Guidelines 2016/17 (hereafter, the Guidelines) requires school authorities to post the name list and details of the recipients under scholarship scheme for all the targeted groups on the school notice board (DoE 2016). However, it was clear that these requirements were not followed in practice. Although parents and guardians were found to be aware of scholarships in general, they were unaware of all the types of scholarship available or the criteria for selection even though most knew about the scholarships for girls and for Dalits.

The survey results showed higher awareness of the availability of scholarships among the recipients’ guardians<sup>11</sup> (above 90 per cent in all sites). The level of awareness varied among the non-recipients: it was 89 per cent

<sup>11</sup> Although the survey was conducted among the parents or guardians of students, they will be referred to simply as ‘guardian’ from this point on.



in Jumla, 67 per cent in Ilam, 57 per cent in South Lalitpur and only 44 per cent in Saptari. The higher level of awareness in Jumla could be attributed to the guardians' participation in the annual school programmes during which schools conducted public hearings and mentioned the scholarship schemes. Although awareness about scholarships was high among the guardians of recipients, the majority did not know what type of scholarship their children were benefitting from. In Saptari, the survey data showed 100 per cent awareness about scholarships among the guardians, it was observed during interviews that a number of guardians did not know which scholarship their children had been receiving.<sup>12</sup> The low level of awareness among guardians belonging to Tarai caste groups, as mentioned by several school head teachers, teachers and SMC members, was possibly due to lack of their involvement and interest in their children's education.<sup>13</sup>

The survey also sought to identify major sources of information on scholarship for guardians of both recipients and non-recipients. Accordingly, class teachers (45 per cent for recipients and 63 per cent for non-recipients), followed by their children or children's classmates (39 per cent for recipients and 38 per cent for non-recipients), and then the head teacher (30 per cent for recipients and 35 per cent for non-recipients) were found to be the main sources of information. Only one guardian of a non-recipient confirmed learning about the scholarship from school notice board and there was no such response for the guardians of recipients. It was elucidated through the interviews with the guardians and school authorities that the most common practice of disseminating information to guardians on the scholarships was through the school peons<sup>14</sup> and school children themselves with letters sent from the head teachers.

## **SELECTION PROCESS**

The selection process depends on the type of scholarship. For example, since scholarships for girls and Dalits are given to all girls and Dalits in

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<sup>12</sup> Interview with a mother of a Secondary Level Scholarship recipient; Interview with two mothers of 100% Girls' Scholarship recipients; conversations with parents, Ghogidaha, Saptari.

<sup>13</sup> The research team was not able to probe further why such a perception existed.

<sup>14</sup> The lowest administrative functionary in offices in Nepal.

Grades 1–8, including Grades 9 and 10 in Jumla district, no selection is required. However, in Saptari, where the school received only 80 per cent of the total scholarship amount requested and also because the number of students coming to school on the day of scholarship distribution would be higher than on other days, the school authorities, teachers and SMC members considered regularity of students as one of the eligibility criteria and provided the scholarship in the presence of guardians.

The Directive 2017 and the Guidelines 2015/16 require 80 per cent attendance of the students to be eligible for scholarships (DoE 2015, 2017a). That, however, was not possible to apply in practice because the attendance of most students would be less than 80 per cent. The common understanding regarding scholarships for girls and Dalit students, according to the key informants, was that they are entitled to the scholarship irrespective of their rate of attendance.

Likewise, although the Directive 2017 requires Dalit students to submit an application with the necessary official evidence of identity as a Dalit and proof of poor economic condition, this was not followed in the selection process, for, as argued by the school authorities and SMC members, the social identity and economic status of students from the community itself would be well known to them all. This was corroborated by the survey results as well. For example, only 7 per cent of the 68 beneficiaries in Jumla and 2 per cent of the 63 beneficiaries in Lalitpur reported having submitted an application and documents for the scholarship while no one in the other two districts submitted anything. The Jumla students who had submitted documents were applying for the Scholarship for Conflict-Affected Children which requires students to submit an application to the District Education Office (DEO) along with proof of being affected by the conflict.<sup>15</sup>

Notably, while the Scholarship for Conflict-Affected Children was found being distributed only in Jumla, the scholarships for children from ‘endangered’ communities was being availed of only in Ilam with distribution based on family names only, without any other proof having to be

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<sup>15</sup> Such as, proof that student’s close relative had received relief for death or disability of the parents as a result of conflict, proof of parent’s disappearance and/or proof of relationship with the people dead, disabled or injured and their birth certificate.

presented. On the contrary, students were found submitting the government-issued disability card in Ilam and in South Lalitpur as required by the Guidelines 2017/18 and the Directive 2017 for students with disability.

The Secondary Level Scholarship also known as the ‘poor and talented’ scholarship is another exemplary case of how the rules are flouted and adapted to suit the local context with discretion of school authorities and teachers. The Guidelines 2017/18 states that this scholarship is to be provided to families with government-issued poverty identity papers<sup>16</sup> and those hailing from socially marginalised communities. However, the criteria for this scholarship varied, with head teachers and teachers stating that academic performance was considered the main basis compared to poverty. In Saptari, those who stood first and second positions in class in their final examination were considered to be talented (*jehendar*<sup>17</sup>) and thus qualified for the secondary scholarship.<sup>18</sup> In Ilam and South Lalitpur, selection was based on hard work, economic condition, attendance and overall performance.<sup>19</sup> However, if the students were from similar economic backgrounds, it was their academic performance that would be given priority.<sup>20</sup> Selection was mostly done by the head teacher and teachers with approval from the SMC in all the sites.

The study attempted to understand what guardians considered to be the most important basis on which the scholarships should be distributed. Many of them, including Dalits among them, elected officials at the local level, and school authorities were of the view that the group-based scholarship programmes are unfair and should be given only to children from poor families. This view was also vindicated by the survey results, according to which, a significant majority (above 79 per cent) of the guardians across sites stated poverty should be the major basis compared to other categories like gender, merit, and caste/ethnicity.<sup>21</sup> Policy-makers and education experts in Kathmandu also expressed a similar view and shared

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<sup>16</sup> This is still not issued by the government (as of September 2019).

<sup>17</sup> Even though the Nepali term *jehendar* actually means ‘someone who applies herself with fortitude’, it is generally taken to mean academic brilliance.

<sup>18</sup> KII 51\_Saptari\_ 18 Nov 2018; KII 60\_Saptari\_ 21 Nov 2018.

<sup>19</sup> KII 16\_ Ilam\_ 23 Nov 2018; SSI 3\_ Ilam\_ 24 Nov 2018; KII 96\_ South Lalitpur\_ 10 Dec 2018; KII 93\_ South Lalitpur\_ 9 Dec 2018.

<sup>20</sup> KII 97\_ South Lalitpur\_ 10 Dec 2018.

<sup>21</sup> The survey results showed that in terms of caste/ethnicity, 84 per cent Hill Janajati,

that the blanket approach of providing scholarships to everyone in the social group is not efficient and that there needed to be a process of selecting the truly needy from those groups.<sup>22</sup>

Conversely, a few informants favoured continuation of distribution of group-based scholarships. For example, a Dalit political activist in Ilam argued for its continuation because the drop-out rate of students from marginalised groups is still high compared to other groups. Similarly, a Dalit father in Ilam, who is also politically active, spoke in favour of such scholarship and argued that Dalits should be receiving it until the society accepts them as equals. There were a few who believed that scholarships should continue to be given to the existing groups but it should also be expanded to other groups, accounting for the fact that almost all who go to public schools are poor.<sup>23</sup>

## **BUDGET ACQUISITION AND DISTRIBUTION**

Effective governance and implementation of social policies like scholarships can also be gauged from the process and timing of its distribution. The study found that the time of the release of funds for scholarships has been inconsistent through the years and varied across the study sites. Thus, although the money is sent by the district/local body after the submission of the student verification forms by the schools, there is no set date when it will arrive and schools receive no prior intimation of that either. The release of the scholarship budget takes place over a period instead of on any fixed date. In Ilam, it is usually between Asoj (September/October) and Magh (January/February)<sup>24</sup> whereas in Jumla, Saptari, and South Lalitpur, it is released between Pus (December/January) and Chait (March/April).<sup>25</sup> As the budget is released earlier in Ilam, the schools are able to distribute scholarships before the end of the academic session in Chait (March/April), whereas the schools in other sites distribute the scholarships only in the

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89 per cent Tarai caste, 91 per cent Tarai Janajati, and 80 per cent Dalit supported this view.

<sup>22</sup> KII 115\_ Kathmandu\_ 17 Aug 2018; KII 108\_ Kathmandu\_ 16 July 2018; KII 102\_ Kathmandu\_ 6 July 2018; KII 101\_ Kathmandu\_ 13 Aug 2018.

<sup>23</sup> KII 13\_ Ilam\_ 20 Nov 2018.

<sup>24</sup> KII 23\_ Ilam\_ 28 Nov 2018; KII 4\_ Ilam\_ 18 Nov 2018; KII 5\_ Ilam\_ 21 Nov 2018.

<sup>25</sup> KII 65\_ Saptari\_ 24 Nov 2018; KII 48\_ Jumla\_ 28 Nov 2018.

next academic session which could potentially deprive some students (mostly those who would have left school) to their entitlements.

According to the School Grant Management Directives 2017, the funds for the scholarship programme have to be provided to the schools as a lump sum based on the number of students. However, none of the schools had received adequate funds to cover all the potential beneficiaries. In some cases, this has been the situation for years. Hence, schools had to distribute a smaller amount than what the students were entitled to, and school authorities in some of the schools, particularly Saptari, had to apply the attendance criteria to disqualify those who did not meet the 80 per cent attendance. This inconsistency in scholarship amount often created confusion among beneficiaries, with some guardians even thinking that the school authorities were taking a cut, fuelling mistrust among community people towards school administration and leadership.

Instead of following the stipulated Guidelines in the scholarship distribution process, school officials and teachers used strategies they deemed more practical and useful in their respective contexts. While the Guidelines stated that scholarship should be distributed in the presence of guardians, the SMC, the Parent-Teacher Association (PTA), the representative from the local body (ward chair) and/or Resource Person (RP)<sup>26</sup> in a formal programme, guardians in all the sites complained that the schools did not organise such an event or that they were not invited although some schools claimed they invited guardians by sending message (mostly orally) through the students. The guardians would find out about the distribution of scholarships only when their children brought the scholarship money home. It was a common practice in most schools to give the scholarship money to the students themselves. Even ranking education officials in Saptari and Ilam said they would suggest that schools gave it to the students because guardians were found to have misused the money in the past.<sup>27</sup>

It was also striking to note that, although the scholarship was intended only for the specified groups, schools were found to have been distributing

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<sup>26</sup> Resource Persons are former teachers who are responsible for supervising and providing support to the schools. They are the intermediary between the schools and district office (before transition).

<sup>27</sup> KII 1\_ Ilam\_ 14 Nov 2018; KII 2\_ Ilam\_ 14 Nov 2018; KII 16\_ Ilam\_ 23 Nov 2018; KII 34\_ Jumla\_ 18 Nov 2018.

scholarships to both beneficiaries and non-beneficiaries in Saptari, Jumla, and South Lalitpur. While informants explained that this was in order to avoid conflicts between guardians and teachers, this practice undermined the principles of targeted social protection. Failure to do so results in guardians becoming violent and also disturbing classes as reported by two head teachers in Saptari.<sup>28</sup>

## ADEQUACY AND USAGE

Another aspect explored in the study was the uses and benefits of the scholarships. A common view among government officials, guardians and the school authorities everywhere was that the scholarship amount, especially for Dalits and girls (NPR 400 per year) is too little and not even enough to buy uniforms or stationery for the year. Further, many of our interlocutors argued that this amount did not even encourage students to enrol or come to classes since they could earn more than double the scholarship amount in a single day by working as a labourer at a construction site or in agriculture.<sup>29</sup> An assistant head teacher in Ilam stated that a single ‘guess paper’<sup>30</sup> cost NPR 600 (ca. USD 5) which is more than the scholarship amount, and supporting the idea, a parent in South Lalitpur said that the amount could only buy one time meal and is not sufficient.

The survey results also correspond to this account. The highest percentage of both recipient and non-recipient guardians claiming the amount to be sufficient was in Ilam and that was only 17 per cent, while in Jumla it was 2 per cent, and zero in Saptari among recipient families. The few who stated that the amount was sufficient were mostly guardians of those who had received scholarships of more than NPR 1,000 (ca. USD 9) per year.

With regard to the uses of the scholarship amount, the majority of the guardians (90 per cent) claimed that it was used by their children to buy stationery and uniforms. There were some instances in Jumla and South

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<sup>28</sup> SSI 32\_ Saptari\_ 26th Nov 2018; A head teacher who happened to be present in the Education Officer's cabin during interview in Saptari.

<sup>29</sup> KII 1\_ Ilam\_ 14th Nov 2018; SSI 35\_ Lalitpur\_ 8th Dec 2018.

<sup>30</sup> ‘Guess papers’ are publications that provide an indication about the format of the examination paper, including mark scheme and weightage, to enable students to prepare for the board exams.

Lalitpur where guardians had deposited the scholarship money in a savings account in their children's name.<sup>31</sup>

Some interlocutors said that some guardians used the money for household expenses,<sup>32</sup> and there were also cases of misuse of the scholarship money by guardians for alcohol (with the exception of Saptari). In order to prevent such misuse of the scholarship, some schools distributed uniforms instead of cash. In terms of impact of scholarship, 76 per cent of the respondents in Ilam and 94 per cent in Saptari said that there would have been no effect on their children's studies had they not received scholarship. In contrast were responses from Jumla and South Lalitpur with almost half of the guardians stating that the studies of the children could have been slightly worse. A few guardians (5 per cent in Jumla and 2 per cent in Ilam) whose children received scholarships for the conflict-affected in Jumla (NPR 10,000-14,000 per year) and the 'poor and talented' in Ilam (NPR 1700 per year), both of which are larger compared to other scholarship amounts, stated that without scholarship their children's studies would have been negatively impacted.

Guardians and school authorities did point out though that the students, particularly those receiving higher amounts, felt encouraged to go to school and study well due to the scholarship. Conversely, scholarships were also attributed to have adversely impacted some students, particularly non-recipient students who felt discriminated, sad and disheartened on the day of distribution, and some did not even want to go to school.<sup>33</sup> There were some suggestions that group-based scholarships could contribute further to enforcing caste- and gender-based stigma among children from an early age when they heard from guardians and teachers alike that scholarships were meant only for those who were weaker and belonged to 'lower' castes.<sup>34</sup>

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<sup>31</sup> KII 86\_ South Lalitpur\_ 7 Dec 2018; SSI 7\_ Jumla\_ 16 Nov 2018.

<sup>32</sup> KII 86\_ South Lalitpur\_ 7 Dec 2018; SSI 7\_ Jumla\_ 16 Nov 2018.

<sup>33</sup> SSI 32\_ Saptari\_ 26 Nov 2018; KII 64\_ Saptari\_ 24 Nov 2018; SSI 23\_ Saptari\_ 27 Nov 2018; Informal Conversation 27\_ Saptari\_ 2 Dec 2018; KII 20\_ Ilam\_ 26 Nov 2018; KII 23\_ Ilam\_ 28 Nov 2018; SSI 35\_ Lalitpur\_ 8 Dec 2018.

<sup>34</sup> FGD 2 non- recipient\_ Ilam\_ 28 Nov 2018, SSI 36\_ Lalitpur\_ 4 Oct 2018.

## MONITORING AND EVALUATION

Monitoring and evaluation of any programme like the distribution of scholarships is important for understanding their results and impacts and to assess whether and to what extent policy promises have been fulfilled. The Directive 2017 directed the formation of a District Scholarship Management Committee (DSMC) under the District Education Officer and a sub-committee set up under the DSMC to monitor the implementation of the scholarship programme in the district. The Directive also specified that the Social Audit Committee in each school needed to submit information on scholarship distribution to the School Superintendent and the Resource Person (RP). However, the research team could not find such a committee in any of the sites.

It was found that the most common way of monitoring scholarship distribution was the submission of the receipt form with signature of the students or their guardians which would be sent to the RP and later submitted to the DEO. However, the study team found some of the receipts had multiple signatures from the same hand, indicating forging of signatures, a fact that an RP<sup>35</sup> in South Lalitpur also accepted as being quite common. Furthermore, implementation of guidelines for scholarship distribution and monitoring the distribution and usage of funds are missing. The responsible officials are not held accountable for the misuse of scholarship money.

The Directive 2017 also mentions that the DSMC should instruct the School-Level Scholarship Management Committee (SSMC). However, the research team found no such committees on the ground. The school authorities and guardians did not know about the provision of SSMC. The School Grant Management Directives 2017 suggests that both RP and school superintendent were responsible for monitoring whether the allocated funds were used for the designated programmes and their effectiveness and utility, but no such monitoring and evaluation practices were found. The RPs visited schools when they had the time, and the only method of monitoring was by talking to the school authorities about scholarship distribution patterns and looking at the receipt forms. The usage of

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<sup>35</sup> KII 99\_ Lalitpur\_ 15th Jan 2019.



fund was rarely scrutinised. Hence, when asked about the M&E, many key informants and guardians across the sites stated that monitoring and evaluation was not done as it should have been.<sup>36</sup> That left room for more corruption, mismanagement and even embezzlement of resources.

## **DISCUSSION AND CONCLUSION**

Drawing on the findings of a study conducted in four districts of Nepal, this paper discussed how the different types of scholarships in Nepal have operated to illustrate how such an operation has facilitated or impeded the benefits and effectiveness of the scholarships to the targeted groups.

Scholars have underscored the importance of decentralisation and participation to ensure effective public service as well as improved governance. Some maintain that institutional development and reforms are critical for democratic governance as they have the potential to make non-responsive states accountable through organised pressure or other strategies. Civil society can be agents of empowerment of target groups such as the poor and the marginalised and can contribute to the improvement of governance. There is also the predominant practice of focusing on trust and co-operation engendered through social capital to ensure good governance. The traditional system of governance which was centrally controlled has shifted to more decentralised and autonomous forms that include range of actors and agencies such as public servants and members of civil society. With decentralisation, however, there are several challenges local governments face in terms of managing the public sector. It has been argued that politicians and elected representatives seek to control these public services and hence there is a call for the need of low political intervention in order to increase efficiency (Peters 2010). Globally, there has

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<sup>36</sup> 'I have not seen anyone coming for monitoring and evaluation from the district. Resource person and Bini (school superintendent) come to school once in 2/3 months, but they don't come specifically for checking on scholarship distribution.' (KII 22\_Class teacher\_Ilam\_17 November 2018); 'Only resource person comes, hardly twice a year for monitoring infrastructure and student's presence. Very superficial information is taken about the scholarship by RP and no other government bodies come for monitoring and evaluation. The school and SMC also do not care much about where the amount is used as it is the understanding that the children use it for academic purpose'. (KII 69\_SMC chair\_Jumla\_15 November 2018).

been an increased interest in ensuring the primacy of politics in policy-making in the public sector while also continuing involvement of non-state actors in the process.

As discussed in the paper, the scholarship scheme in Nepal has expanded to incorporate more social groups, including Dalits, girls, endangered ethnic groups, conflict-affected, and other marginalised groups. While beneficiaries receiving larger scholarship amounts such as students with disability and those affected by the conflict seem to find the scholarship useful, others do not value it as much. Hence, targeting the schemes to the neediest among these groups could have had a greater impact. Implementation of the scholarship scheme has been fraught with inconsistencies, misinterpretations, misappropriation, and divergences suggesting its weak governance and inability to achieve intended objectives. There is a significant gap between policy frameworks and guidelines and implementation practices (disbursement of budget, timing of distribution of scholarships, selection process, information circulation) and the monitoring and evaluation of the programme is very weak. The selection of beneficiaries and distribution of scholarship is done at the discretion of the school administration and teachers—rather than being based on official directives and guidelines. No serious efforts have been made to amend or change the directives and guidelines by identifying the factors hindering their due implementation. It can be inferred from the findings that although the balance of power and politicisation of subaltern groups in society (Korpi 2006, 168) could play important roles in the introduction of social policies like the scholarship scheme, empirical evidence from Nepal however confirms that it has no or weak influence in how it is implemented and governed. Although the political actors and the political dynamics have played key roles in shaping social policies in Nepal (Pradhan et al 2021), policy-makers and political leaders have been quite reluctant in implementing scholarships, as argued by Hickey in another context (Hickey 2009).

The fact that social protection schemes have been extended to different social groups and no government has scrapped any for fear of being unpopular makes social protection policies like the scholarship scheme an

important political matter in Nepal.<sup>37</sup> Nevertheless, there are several problems and challenges facing adequate and effective implementation, monitoring and accountability, as discussed throughout the paper. Hence, effective implementation calls for more participation and mobilisation of citizens, particularly targeted beneficiaries and political actors and agencies.

Politics plays a significant role in shaping social protection policies in a country (Hickey 2008; Graham 2002 cited in Hickey 2008). Which social group gets what form of protection is heavily influenced by political tendencies and ‘would-be aspirants’ to social and political power, including elites and populists appealing to ethnic or caste identity (Putzel 2002 cited in Hickey 2008). Decentralisation of responsibility and resources with regard to scholarships, as some would argue (Grindle 2007), offered an opportunity for deepening democracy and controlling corruption by engaging marginalised groups and civil society actors in acts such as governing scholarships at the local level. Disengagement or weak engagement of the citizenry and reluctance on the part of civil and political agencies and actors signifies that achieving intended results with these social policies is far-fetched unless there is effective mobilisation and engagement of citizens and their groups.

Proponents of the New Policy Governance (NPG) emphasise the importance of multiple interdependent agencies and actors in delivering public services. It expects institutional and external conditions and (outside) environmental pressure to underpin opportunities and constraints for the implementation of public policy. The outcome of effective service delivery depends on inter-organisational relationships and their interactions with the environment and people (Osborne 2010). This line of argument notes that because these networks are dispersed and public services are fragmented, proper strategies are needed to navigate these networks for effective governance (Osborne and Gaebler 1992). However, the experience of scholarship distribution in Nepal shows that beneficiary groups seem either unaware or lacked capacities and strategies to govern their own matters; hence, these groups are unlikely to be able to navigate the system and network on their own for improving the governance, possibly leading to

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<sup>37</sup> KII 107\_ Kathmandu\_ 28 Aug 2018.

de-politicisation of public policies and weakening accountability of the state and officials (Stones 2008).

Practices of implementation of scholarship in Nepal are varied and influenced by material conditions and the environment the schools and students are surrounded by. Lack of effective watchdogging and ritualistic monitoring and evaluation of implementation of scholarship has compromised effective governance of scholarship, weakening the objectives of enhancing social justice and inclusive democracy. As a result, the perception of people about government officials, the state and its agencies, and social policies turns negative, which in turn hinders the formation of a democratic and equitable society. Social policies such as scholarship schemes are considered to be indispensable to empower historically marginalised and excluded groups and there is evidence that suggest that it has also enabled the enrolment of students from some of these groups into the schools. Positive or negative perception towards these schemes seems to be shaped also by the amount of the scholarship received rather than how it is implemented. Implementation of and understanding about social policy are intrinsically complex. Hence, more comprehensive and robust studies could help unravel the factors inhibiting or facilitating successful implementation of social protection schemes in Nepal so that targeted groups and communities could benefit from them.

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# Governance of Social Protection in Nepal

## The Case of the Chief Minister Beti Padhau, Beti Bachau Campaign of Province 2

**Sanjaya Mahato, Rupesh Kumar Sah and Dogendra Tumsa**

### INTRODUCTION

Governance is an important factor for effective implementation, delivery and sustainability of social protection programmes (Kabeer 2009; Sijapati 2017; UNDP 2013). Governance itself depends on the institutional setting, the capacity of the bureaucracy, and bureaucratic autonomy (Fukuyama 2013; LBFCs 2016; NASC 2018). Rontos, Syrmali and Vavouras (2015) found that along with economic factors such as life expectancy and educational attainment political stability is one of the important predictors for quality of governance.

In Nepal, disparities in educational attainment, income, and life expectancy persist across geographical regions as well as within and among provinces and castes/ethnicities in Nepal (NPC and UNDP 2014; Sunam 2017), affecting service delivery. A weak and poor governance structure has also resulted in ineffective delivery of and increase in corruption in Nepal's social protection programmes (NASC 2018; Kabeer 2009; Khanal 2013; Sijapati 2017). For example, senior citizens' allowances have often been misused by officials at the district and local levels (NPC 2012) and there have been reports of misuse of scholarship funds provided to girls and Dalit students (Budhathoki 2016; DOE 2017a).

Centralisation of power has been a reason for poor governance in Nepal (Kabeer 2009; Sijapati 2017). Although the Panchayat regime was meant to

decentralise authority and lead to better governance (Joshi and Rose 2004), not much changed in the 30 years it was in place. The problem remained almost the same even after the democratic transition of 1990.<sup>1</sup> The People's Movement of 2006 was a watershed moment in many ways since it paved the way for devolution of power (Hangen 2009) and the Madhes Movement of 2007 ensured that decentralisation would be achieved through federalism. The promulgation of the new constitution in 2015 restructured Nepal into seven provinces and 753 local bodies. Despite this momentous development, the federal government is yet to fully decentralise state power and empower the provinces and local bodies.

Poor governance is reported more often in the districts of Province 2 than in other provinces. The 'Analysis Report of Minimum Conditions and Performance Measures of Local Bodies in Nepal: Assessment Year 2014/15' listed four districts from Province 2—Sarlahi, Rautahat, Bara and Parsa—among seven across the country<sup>2</sup> that could not satisfy the minimum conditions and performance measures in place (LBFCS 2016). Of the nine governance indicators, Sarlahi and Rautahat district managed to satisfy three, Parsa, two, and Bara, only one. One of the major reasons given for this failure was poor bureaucratic management. Other reasons included the districts failing to send quarterly and annual reports and not maintaining fiscal transparency. The 2018 report of the Office of the Auditor General said that the financial irregularities are higher in the districts of Province 2 (AGON 2018).

Tussles between the federal and provincial government over decentralisation of power and resources have further added to the challenges of improving governance. In the absence of relevant laws and policies at the federal level, provincial governments have had to take initiatives to make province-level policies, which among others, help institutionalise governance and the effective management of social protection programmes.

This paper argues that poor governance structure and the wrangling

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<sup>1</sup> The Local Self-Governance Act 1999 may have made a difference but the political instability at the time along with the ongoing Maoist insurgency ensured that the Act could not really be implemented.

<sup>2</sup> The other three districts were Sunsari, Mugu and Acham.



between the central and provincial governments potentially leads to deinstitutionalisation and ineffective service delivery. It uses as a case study of what is perhaps the flagship social protection programme of Province 2: the Chief Minister Beti Padhau, Beti Bachau Campaign.

## **CONCEPTUAL FRAMEWORK**

Governance is a multidimensional concept that encompasses social, political and economic factors (Rontos et al 2015). Social factors include education, human development, etc, political include democratic institutions, rule of law, voice, accountability, etc., while economic consist of per capita income, GDP growth rate, etc. Because of its multifaceted nature, there is no universal definition of governance or of its measurement (Kjaer 2004).

The World Bank (1989, 1991) defines governance as an exercise of political power for the management of a country's economic, social and political affairs in its development. The World Bank has recognised three aspects of governance: i) regime type (democratic or autocratic); ii) procedures (how authority is exercised to manage socio-economic resources); and c) government capacity (how able it is in designing, formulating and implementing policies and delivering services). Kaufmann's (2005) definition and framework for governance are similar where he identifies the process, capacity and character of the state.

In line with the above, the Nepal Governance Survey (2018) defines governance as 'a system or process for the exercise of authority by the state authorities and other entities in reference to broadly shared values through democratically established institutional mechanisms'. As parameters of governance, the survey has used three major factors: values, infrastructure (institutions), and service delivery.

Fukuyama (2013) defines 'governance as a government's ability to make and enforce rules and to deliver services irrespective of nature of government whether the government is autocratic or democratic'. He also identifies four aspects of governance: procedural measures, capacity measures, output measures, and bureaucratic autonomy. Procedural measures consist of the ideal forms of bureaucratic framework provided by Weber (1978) whereby professionalism of the bureaucracy is necessary for

better governance. Professionalism involves competency, a clear hierarchy, autonomy from external influences, and free and fair selection. Similarly, capacity measures are bureaucrats' capacity to collect taxes and their proper use and this extractive capacity of bureaucrats in turn depends on their professionalism, knowledge and skills along with policies available for such extraction. Output measures deal with the state's investment in health and education since these create a proper foundation in society for better performance and response, and, hence, lay the foundation for better governance. But, most governance frameworks do not often consider the output measures while measuring governance (LBFCS 2016; WB 1991).

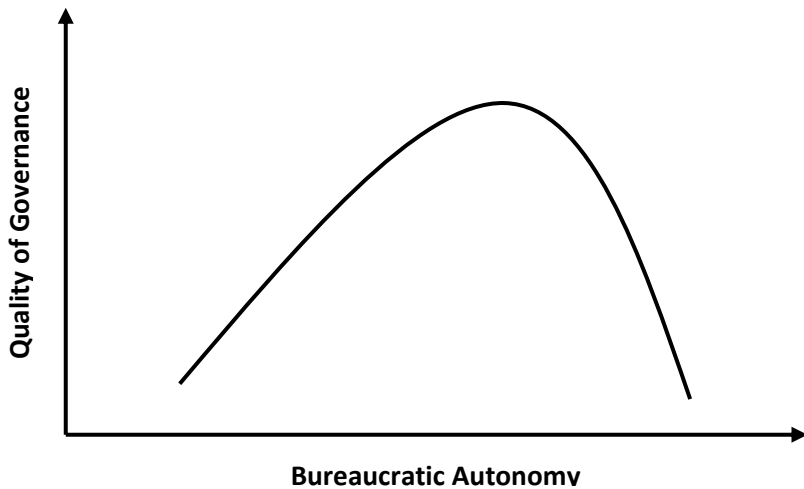
Autonomy refers to political principles and mandates given to bureaucrats (Fukuyama 2013). Since political principles and mandates are often overlapping and contradictory, autonomy 'is inversely related to the number and nature of the mandates' (Fukuyama 2013). Fewer and general mandates provide higher bureaucratic autonomy whereas more mandates and detailed rules make bureaucracy less autonomous. He suggests that bureaucratic autonomy does not mean that officials should be isolated from public interests. Instead, bureaucratic mandates have to address the interests and demands of the citizens, and should be in touch with the public and receive feedback and criticisms from them. Fukuyama further argues that this not only provides bureaucrats insights into the demand side but also helps build bridges and rapport with the public which is good for better governance.

Evans (1995) argues that both high and low levels of bureaucratic autonomy are harmful to better governance. He explains the relationship between autonomy and better governance as an inverted 'U'. In complete subordination, where bureaucrats are micromanaged and bound by many mandates, rules and regulations, there is low service delivery and room is also created for more corruption. At the other end of the horizontal axis, where there is complete autonomy, the outcome of governance is also low where the bureaucracy escapes all political control (Figure 1). Evans argues that bureaucrats should be controlled by social actors and subordinated to society in an arrangement he calls 'embedded autonomy'.

Bureaucratic autonomy and governance are also dependent on the relationship between the centre and the periphery. According to Wallerstein

(1974), centres always dominate and exploit the periphery while the peripheries always try to be autonomous. The system of accumulation of power at the centre and exploitation of the periphery is a primary problem for better governance. In the current federal structure in Nepal, which has been viewed as an attempt to decentralise power and resolve the contestation between centre and periphery, the centre has been trying to make policies to make the peripheries dependent upon it.

**Figure 1: Bureaucratic Autonomy and Quality of Governance**



Source: Evans 1995

## RESEARCH METHOD

The paper has used both qualitative and quantitative research methods for data collection and interpretation. The source and nature of data are primary and secondary. For primary data, we interviewed people involved in conceptualising and implementing the programmes, national and local political leaders, designated campaigners, and social mobilisers. For secondary data, we have reviewed various government and media reports.

## CHIEF MINISTER BETI PADHAU, BETI BACHAU CAMPAIGN<sup>3</sup>

On 15 January 2019, Province 2 announced the Chief Minister Beti Padhau,

<sup>3</sup> The programme was modelled after India's Beti Bachao, Beti Padhao programme launched by the Narendra Modi government in 2015.

Beti Bachau Campaign (Teach Daughters, Save Daughters Campaign) as a form of both social insurance and social assistance. The goals of the programme are to minimise gender disparity, encourage girls' education, combat the dowry system, minimise sex-selective abortion, and increase awareness among women. The campaign has 10 different components: i) education insurance/fixed deposit; ii) programmes against gender-based violence; iii) bicycle distribution; iv) awareness campaigns; v) guardianship programmes; vi) conditional grants; vii) day-meals; viii) awareness programmes;<sup>4</sup> ix) capacity-building programmes; and x) other programmes designated by the Programme Implementation Committee (OCM 2019).

The education insurance/fixed deposit programme is aimed at girl children in Province 2. Girl children born after 15 January 2019 become eligible for the insurance scheme after registration of their birth at the ward office. The Province 2 government provides the insurance in collaboration with different insurance companies and banks. The insurance period is for 20 years and a girl child will receive NPR 100,000 (ca. USD 830)—an amount subsequently increased to NPR 300,000 in January 2020—if she completes Grade 12 and is not married.<sup>5</sup> The programme also includes day-meals in schools for girl children, conditional grants, and (one-time) provision of bicycles to girls studying in Grades 8 to 10.<sup>6</sup> Under the day-meal programme, the provincial government will provide day-meals to children studying in schools of Province 2 in an attempt to encourage students' regular attendance. Conditional grants provide funds to local organisations to run programmes designated by the campaign upon recommendations from local bodies.

Other components of the Chief Minister Beti Padhau, Beti Bachau Campaign include awareness and capacity building for women. Further, in

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<sup>4</sup> Although 'awareness campaigns' and 'awareness programmes' sound similar, Chief Minister Beti Padhau, Beti Bachau Campaign's Programme Execution Directive 2019 made the distinction as follows. Campaigns consist of rallies, posting hoarding boards, street dramas, documentaries, etc., while programmes would mean organising seminars, trainings, etc.

<sup>5</sup> Following the decision of the provincial government, Sakhuwa Prasauni Rural Municipality of Parsa district decided to provide NPR 600,000, adding NPR 300,000 to the funds to be provided by the province.

<sup>6</sup> Girls in Grades 9 and 10 when the scheme started also benefitted. Girls who get a bicycle once does not get another every year.

order to reduce sex-selective abortion, programmes against gender-based violence are conducted in collaboration with local health posts, health institutions and NGOs. Awareness programmes are also aimed at increasing school enrolment of girls.

Since the launch of the campaign, a total of 26,956 infants had been registered under the programme till 29 February 2020 in the province: Saptari, 3,524; Siraha, 3,709; Dhanusha, 2,656; Mahottari, 2,455; Sarlahi, 3,826; Rautahat, 4,205; Bara, 3,580; and Parsa, 3,001 (OCMCS 2020). Around 14,000 bicycles were distributed to girls studying in Grades 8-10 and 100 toilets were constructed in schools and public places.

It should be noted that apart from the social insurance programme, all the others are pre-existing social protection programmes. The central government's Ministry of Education has been providing day-meals to children from marginalised backgrounds. Similarly, capacity-building and awareness programmes against gender-based violence are ongoing activities of the provincial government through its offices and in collaboration with NGOs and INGOs.

## **GOVERNANCE AND THE BETI PADHAU, BETI BACHAU CAMPAIGN**

The capacity for service delivery in the districts of Province 2 is weaker than in other provinces (AGON 2018; LBFCs 2016). Economic, social, human development, educational and governance indicators are also comparatively lower there in comparison to other provinces (MOEST 2017; NASC 2018; NPC and UNDP 2014). As a result, implementation of social protection programmes, including the Chief Minister Beti Padhau, Beti Bachau Campaign, has suffered.

### ***Procedural Measures***

The Public Service Commission (PSC) is responsible for recruiting officials for agencies of the Government of Nepal with training and capacity building undertaken by the Nepal Administrative Staff College. But due to resource deficits, the central government has often failed to provide the required number of officials at all levels. As a result, there are many who are recruited at various levels on a permanent, temporary or contract bases.

Most of these officials recruited outside of the PSC process are chosen either for their party affiliation or are the near and dear ones of powerful politicians, resulting in the penetration of party politics into the bureaucracy (Bajracharya and Grace 2014; Maharjan and Kim 2016). This is not to say that officials recruited by the PSC are more professional or otherwise more competent than those recruited in other ways. Instead, only to state that there are various other considerations at play in the case of the latter.

The affiliation of bureaucrats, whether recruited by PSC or otherwise, to party-run labour unions further muddles the issues of professionalism and public accountability. Officials recruited under a certain party banner are necessarily more accountable to party leaders than to citizens (Maharjan and Kim 2016). This has damaged not only the image of the bureaucracy but also resulted in poor governance. In an interview with the authors, a top official in the Ministry of Education said, ‘Nepal government never produced government’s bureaucrats, always produced party bureaucrats.’

Party affiliations often determine officials’ postings and promotions. In many cases, several incompetent and junior officers have been upgraded to senior posts in public offices. That is the overall situation of the bureaucracy in Nepal and is not exceptional to Province 2. However, according to a study, trust in bureaucrats in Province 2 is much lower than in other provinces of Nepal while the level of corruption in the bureaucracy is also perceived to be much higher there (NASC 2018). All of these raise serious questions about the effective implementation of the Chief Minister Beti Padhau, Beti Bachau Campaign and its sustainability.

### ***Capacity Measures***

One indication of the capacity measure of governance is provided by the extraction of taxes (Fukuyama 2013). The extractive potential and actual tax extraction are two different aspects of tax extraction, however, the amount of tax extraction and its use are often contingent on state policies.

In the year 2019, Province 2 collected only 11.8 per cent of the revenue required for the provincial budget, a figure lower than Bagmati, Lumbini and Province 1, all of which have almost similar resources potentials. In terms of geographical accessibility, Province 2 is more accessible than other provinces

and more densely populated. It had the lowest capital expenditure among all the provinces. Province 2 also had a higher percentage of irregular amounts.

**Table 1: Tax Extraction, Expenditure and Irregular Amounts, 2019**  
(% of total)

Province	Local Revenue	Capital Expenditure	Irregular Amounts*
Province 1	14.8	59.9	4.0
Province 2	11.8	45.7	7.0
Bagmati	16.6	56.1	3.5
Gandaki	10.5	68.5	2.7
Lumbini	16.3	57.9	3.5
Karnali	4.8	56.5	5.3
Sudurpaschim	8.5	52.7	3.2

Source: 56th Report of the Auditor General of Nepal 2019; Economic Survey 2020/21.

\* According to the Financial Procedures Act, 1999, an 'irregular amount' is 'a transaction carried on without fulfilling requirements as per prevailing law or a transaction of which such accounting as to be maintained has not been maintained or a transaction which has been carried on in an irregular or unreasonable manner'.

The high level of irregular amounts in Province 2 indicates two things. First, the capacity of the bureaucracy for better financial regulation is low. The National Audit Report 2019 also pointed out that officials in Province 2 often failed to follow the process of procurement and release of funds. Second, the capacity to spend and utilise the budget is also low.

The extent of corruption in Province 2 and Bagmati is perceived to be higher than in the other provinces (CIAA 2019). In terms of complaints filed with the Commission for the Investigation of Abuse of Authority (CIAA), the highest number of complaints had to do with government offices in Province 2 (22 %) and Bagmati (21%) compared to Province 1 (9%), Gandaki (6%), Lumbini (11%), Karnali (5%) and Sudurpaschim (7%).<sup>7</sup> Although this is also a function of the larger population in Province 2 and Bagmati, accounting for 20 and 21 per cent, of the national population respectively, there is no denying that the level of corruption is believed to be high in Province 2.

One reason for the low capacity in governance in Nepal is policy deficit

<sup>7</sup> These figures do not add up to 100 since the CIAA also receives complaints having to do with unaccounted wealth, fake certificates and the like.

and low bureaucratic professionalism. The state has never treated its officials equally. Local-level governments have bureaucrats recruited in different ways and enjoying different facilities. For instance, in a municipal office, there are officials recruited through the PSC and also those recruited locally on a contract basis. Despite the equal workloads and responsibilities, there is a great difference in terms of power as well as facilities between the two cohorts. These unequal working conditions do not provide for an encouraging work environment or enable coordination among the staff, significantly impacting the professionalism of the bureaucracy and subsequent tax collection.

Public policy plays an important role in the collection of taxes. In Nepal, public policies for tax collection are highly centralised. Most of the tax policies are imposed on local and provincial levels by the centre, and taxes are mostly collected for the central government which provides none or very little ownership to local tax-collecting bodies. Taxes such as on income and natural resources collected in the local bodies go directly to the central government which decides the proportion to be sent to the lower tiers of government.

Among the provinces, Province 2 spends the least proportion of development funds allocated to them. It spent only 45.7 per cent in 2020/21, which indicates that the spending capacity of Province 2 is very poor (GoN 2021). The Auditor General's Report of 2019 points out that low staffing with limited skills and problems in the management of bureaucracy are the main reasons for poor governance capacity of Province 2.

Many official records show that local bodies, ministries and other government offices of Province 2 are understaffed (MoFAGA 2020).<sup>8</sup> For example, at the time of completing this paper (April 2020), local body records showed that 26 of the local bodies (i.e., 19%) in Province 2 had no chief administrative officer. Following Nepal's restructuring into seven provinces and 753 local bodies in 2017 as per to the 2015 Constitution, the government integrated government officials into different structures at federal, provincial and local levels. Till August 2018, of the total officials thus integrated, only 7,819 (9%) were sent to Province 2,

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<sup>8</sup> See also S. Singh, 'Beti Bachau-Beti Padhau' Campaign Fails to Take off this Year in the Absence of Employees, *The Kathmandu Post*, 14 November 2019.



reflecting, in 2019, a shortfall of 5,076 (MoFAGA 2020) officials.

Partly due to the lack of adequate staffing, in the first full year of the programme, 2019, the Chief Minister Beti Padhau, Beti Bachau campaign could not take off effectively. For the whole year of 2019 a total of 4,372 girls were registered, whereas in the 1.5 months of 2020 (16 Jan to 29 Feb 2020) six times more were enrolled (OCMCS, 2020). The sustainability of the programme is yet to be observed and is contingent on the better governance of Province 2.

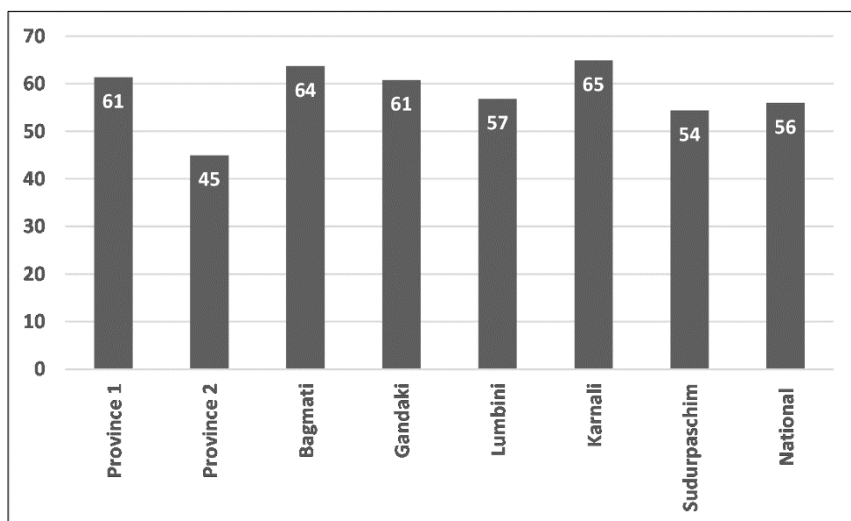
### ***Service Delivery***

One of the main challenges for effective implementation of social protection programmes in Nepal is poor service delivery (NASC 2018; Sijapati 2017; WB 2014). One reason behind this is chronic and systemic corruption among bureaucrats. The National Governance Survey 2017 conducted by the Nepal Administrative Staff College revealed that people in Province 2 paid the highest additional fees (including bribes) (26%) for public services, followed by Province 1 (16%) and Bagmati (13%) (NASC 2018). People in Province 2 are more likely to not get services at the first attempt (86%) than in other provinces while also experiencing higher degree of unwillingness on the part of bureaucrats to provide services (36%). As a result, people from Province 2 are more likely than others to use paid intermediaries (7.5 %) to access the services than other provinces.<sup>9</sup>

Should there be a need for unofficial payments to continue to receive services such as vital registrations, implementation of the Chief Minister Beti Padhau, Beti Bachau Campaign will be a big challenge. Chances of exclusion of poor and marginalised communities from the Campaign are higher if extra payments are required for birth registrations, which is the first step in accessing the benefits of the Campaign. The low birth registration rate in Province 2 provides an indication that this can be a possibility. Compared to the national average of 56 per cent, birth registration rate of children under five years of age is only 45 per cent in Province 2, with only Sudurpaschim province dipping below the national average, albeit slightly (Figure 2) (MoH 2016).

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<sup>9</sup> In Province 1, 6.2 per cent; in Bagmati, 1.1 per cent; in Gandaki 0.2 per cent; in Lumbini, 0.8 per cent; in Karnali 1.1 per cent; and in Sudurpaschim 0.2 per cent people use paid intermediaries to access public services.

**Figure 2: Live Birth Registration under Age 5 by Province (in %)**

Source: Nepal Demographic Health Survey 2016

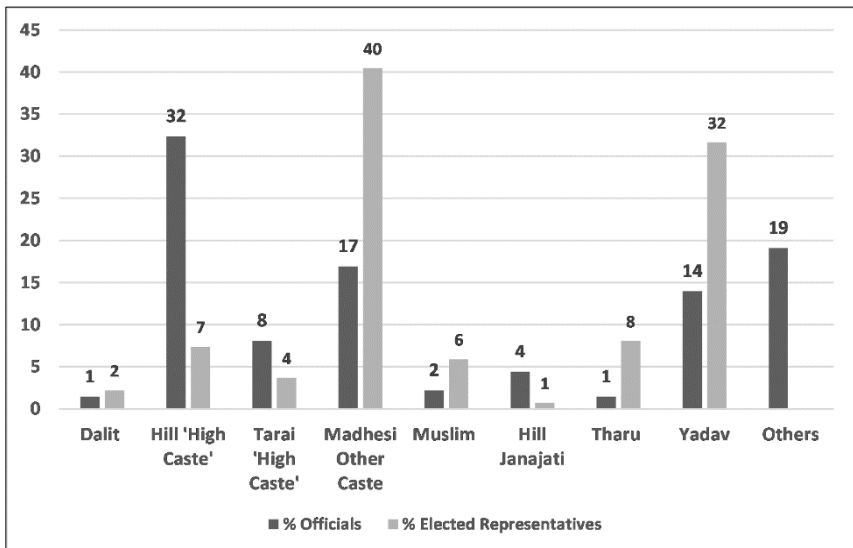
People from Province 2 are mostly dissatisfied with the treatment they receive from government officials and 38 per cent of them are not confident about receiving public services without hassles (NASC 2018). Thus, despite the objectives of the Campaign, the high incidence of the difficulties experienced by beneficiaries is likely to have a significant impact on effective service delivery.

Oftentimes, local bodies' decisions regarding social and economic reforms and development programmes are obstructed by bureaucrats, leading to a rise in conflicts. Caste differences between bureaucrats and people's representatives often hinder service delivery (Witsoe 2009, 2011; Jha and Pushpendra 2012). Characterised by a rigid caste hierarchy, the social structure of Nepal can also hinder the implementation of the programme. 'High-caste' male elites have traditionally dominated the administration whereas people of 'intermediate' castes such as Yadavs and Tharus, along with Muslims, dominate the Provincial Assembly and the local bodies of Province 2 (ECN 2018).

In terms of caste/ethnicity, the composition of elected representatives in the local bodies of Province 2 is the inverse of the chief administrative officers. Madhesi Other Castes, including Yadavs, are dominant among

elected representatives in local bodies whereas ‘high castes’ (both hill and Tarai) dominate the administrative domain (Figure 3). The proportion of administrative officials of hill ‘high-caste’ background is much higher (32%) than elected representatives (7%) while that of Tarai ‘high-caste’ officials is two times more (8%) than Tarai ‘high-caste’ elected representatives (4%). The proportion of elected representatives from Madhesi Other Castes in general is much higher (40%) than that of officials (17%) with the difference in case of Yadavs, the largest of the Madhesi Other Castes, for elected representatives (32%) as opposed to officials (14%) being the most significant. This disproportion is seen among Muslims (6% vs 2%) and Tharus (8% vs 1%) as well (Election Commission 2017; MoFAGA 2019).

**Figure 3: Composition of Officials and Elected Representatives in Local Bodies of Province 2**



Source: Election Commission 2017; MoFAGA 2019

This is not to say that the caste hierarchy does not exist in other parts of Nepal but the dynamics are different in Province 2. The province shares the border with the state of Bihar of India and has similar social and cultural structures. It has been observed that the caste differences between administrative officials and elected representatives is often the main challenge for better governance in Bihar (Witsoe 2009, 2011). Thus, even as elected

officials outrank administrative officials, administrators are higher ranked than elected representatives in the social hierarchy. This creates a psychological dilemma among administrators on how they can follow the lead of the head of the institution.

It was very difficult for local bodies of Province 2 to be allocated the chief administrative officials. The frequent changes of chief administrative officers has further compounded the problem. The rate of frequent change of the chief administrative officers in Province 2 is much higher than in other provinces of Nepal. There have been at least four changes of chief administrative officers between 2017 and 2019 in most of the local bodies of Province 2 (MoFAGA 2020).

The frequent changes are higher among hill 'high caste' chief administrators than among Madhesi groups. In the course of writing this paper, talking with more than 30 hill 'high caste' administrators working or with experience working in Province 2, it was clear they did not feel comfortable about working with Madhesi elected representatives. Although they did not express anything related to caste hierarchy directly, informal conversations with them made clear that they could not adjust themselves to the leadership of Madhesi Other Castes for various reasons. One major factor was language. Bhojpuri and Maithili are most common languages in Province 2 which officials from hill 'high-caste' backgrounds often do not understand and hence face difficulties providing services to the public.

In conversations with the research team, many heads of the local bodies in Province 2 accepted the fact that the difference in caste hierarchy between the administrators and heads of local bodies did matter in service delivery. They were not satisfied with the chief administrative officers' performance and felt that administrators from the 'high castes' (both hill and Tarai) still try to dominate Madhesi Other Castes.

Poor service delivery is also associated with the accountability of bureaucrats. Dev Raj Dahal (2015), a governance expert, argues that the fundamental character of the Nepali bureaucracy has remained unchanged from the Panchayat period (1960–1990) when accountability was directed towards the ruler, not the citizen. After the democratic transitions of 1990 and 2008, the system of *chakari*, flattery to their boss (Bista 2001), is still prevalent for promotions and other perks. Whereas democracy functions

in downward accountability where citizens are the centre and bureaucrats are supposed to be accountable to the citizens, upward accountability has challenged not only effective delivery of public services and social protection programmes but also the institutionalisation of democracy.

Caste hierarchy has made accountability more complex in the changed context. During the Panchayat era and multiparty democracy after 1990, bosses were mainly hill 'high-caste' elites. The Madhesi, Janajati, and women's movements have changed the rules of the game and thrust women, Madhesi, Janajati and other excluded groups into positions of the heads of local bodies, outnumbering both hill and Tarai 'high castes'. This has led to a 'dilemma of acceptance' among bureaucrats in Nepal since they find it difficult to be accountable to both heads of their institutions and to the citizens, significantly lowering the quality of service delivery.

## **BUREAUCRATIC AUTONOMY**

According to Huntington (2006), highly institutionalised political systems have greater bureaucratic autonomy. This does not necessarily mean that less institutionalised political systems have less bureaucratic autonomy. Instead, it is contingent on whether the political system is democratic or autocratic. The bureaucracy never enjoyed any autonomy during the Panchayat era (Bista 2001). Bureaucratic autonomy is hardly envisioned in an autocratic regime. Due to the nature of the autocratic regime, the bureaucracy is accountable to the ruler, not the citizens. Since all the administrators and bureaucrats were more accountable to the king during the Panchayat era, it is often characterised as a highly centralised governing system even though frequent changes in government during the Panchayat period are considered an anomaly for an autocratic regime. The lack of stable governments and failure to consolidate democracy could not provide for bureaucratic autonomy in Nepal after the restoration of democracy in 1990 and the nature of the bureaucracy remained almost the same as in the Panchayat era.

Crafting rules and regulations without pre-legislative and post-legislative scrutiny provides space for overlaps and contentions among the policies and allow less autonomy to bureaucrats to work (Vrieze and Haddon 2017). In Nepal, many laws and policies are introduced without any legislative review, without understanding which legislations are working

and which are not. Too many mandates granted to the bureaucracy constrain the capacity of civil servants to deliver services and spend the allocated budget. For example, there is a policy on scholarship for Dalit students implemented by the central government and there are other similar measures aimed at Dalit students issued by local bodies which overlap and create confusions all around. Similar is the case with federal and local level tax policies, creating contestations at the local level, limiting the tax collection, and fostering corruption. Within this context, too many mandates to the bureaucracy in Nepal have made them less autonomous and have impacted in service delivery and might also affect the implementation of the Chief Minister Beti Padhau, Beti Bachau Campaign.

Appropriate autonomy of the bureaucracy would mean that bureaucrats are keeping in touch with the public, understanding public interests and public demands, and taking feedback from the public. However, the nature of the Nepali bureaucracy is quite opposite to the nature of embedded autonomy. Government officials tends to be more accountable to their bosses than towards citizens. In such a working environment, better governance cannot be ensured and, by extension, effective implementation of Chief Minister Beti Padhau, Beti Bachau Campaign.

## **CENTRE-PERIPHERY RELATIONS AND CONCLUSION**

The Nepali state continues to be characterised by a centralised form of governance despite its federal and local structures. The new constitution of Nepal 2015 has granted adequate rights to the provinces but because of the federal government's unwillingness to formulate the necessary acts, rules and regulations, provincial governments have been barred from exercising their rights. The centralised nature of the central government is reluctant to provide adequate roles to the periphery.

The relationship between Province 2 and the central government was observed to be much more contentious than with other provinces because, at the time of writing, the Nepal Communist Party was in power at the centre as well as in all the provinces with the exception of Province 2. The epicentre of the Madhes movement was Province 2 and Madhes-based parties were at the helm of the government. The Madhes movement was a driving force for federalism and its inclusion in the Interim Constitution.

Province 2 is much ahead in terms of institutionalising all decentralisation policies even though the federal government has not been ready to give up power. The lack of necessary policies following the subsequent devolution of power to provincial governments has created a situation of conflict between the centre and the provinces. As a result, provincial governments cannot properly implement programmes such as the Chief Minister Beti Padhau, Beti Bachau Campaign.<sup>10</sup>

The centralised mentality among the leadership and bureaucrats has been a great challenge for the decentralisation of power. Bureaucrats often argue that Nepal is not yet ready for decentralised power since it could lead to chaos. As a former central minister said to the researchers, ‘The centre must be stronger in the soft states<sup>11</sup> like Nepal. You know if you put on big sized trouser on small men, they cannot walk properly.’

Political leaders’ shallow understanding and populist remarks often aroused conflicts between federal and provincial governments (Miya 2019). One good example is the then prime minister’s remark that provincial and local governments are units of the central government.<sup>12</sup> So out of place were his comments that two provincial Chief Ministers from his own party had to speak out and remind him of the constitutional guarantee of provincial rights.

Pandey (2015) argues that the periphery never dares to be independent of the centre. He provides very practical and succinct examples of how leaders from the periphery settle in Kathmandu and forget their constituencies due to which decentralisation and devolution of power have not worked for a long time.

Centres always dominate the periphery because the former control the resources (Wallerstein 1974). The budget allocation in the federal government has provided further basis to the claim that the centre is not serious on the institutionalisation of provinces (Wagle 2019). The fiscal year

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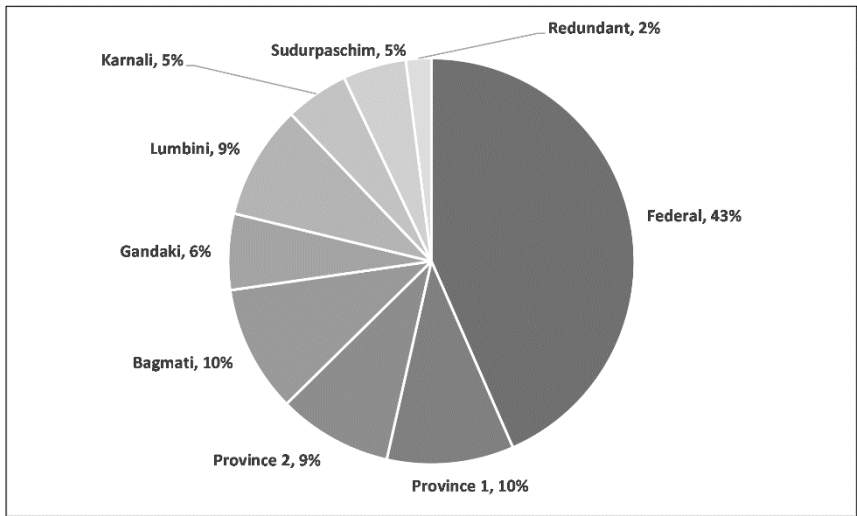
<sup>10</sup> The federal government’s budget policy on social insurance has changed often, and this can directly affect the Chief Minister Beti Padhau, Beti Bachau programme.

<sup>11</sup> From Myrdal (1969) in which he describes a soft state as one in which there is ‘a general lack of social discipline, characterized by deficiencies in their legislation and, particularly in law observance and enforcement, lack of obedience to rules and directives handed down to public officials on various levels, often in collusion with powerful persons or groups of persons whose conduct they should regulate’.

<sup>12</sup> Kantipur, Prades Sarkar Kendraka Ekai Hoinan (State Governments Are Not Units of the Central Government), *Kantipur*, 22 May 2019.

2019/20 budget retained 80 per cent of the national budget at the centre with only 6 per cent allocated to the seven provinces and 14 per cent to the local level. This is a continuation of the previous trend of the unitary and centralised state structure. This centralised trend not only undermines the autonomy of the provinces and local governments but also impacts the implementation of their programmes.

**Figure 4: Proportion of Officials Integrated into Federal and Provincial Governments, 2018**



Source: MoFAGA 2020

The current proportion of officials integrated into the central government goes counter to the concept of the decentralisation of power. A full 43 per cent of government servants remain with the central government (Figure 4), a clear indication of how the centre has tried to retain most of the power and resources. It also indicates the centralised mindset of officials and the political leadership. For example, many officials chose to stay on at the centre without any responsibilities despite the government policy to encourage officials to work outside Kathmandu Valley in remote areas. This kind of mindset is a big challenge facing provincial government for better service delivery.

For a province like Province 2 which suffers from poor governance to



begin with as the capacity of the bureaucracy is very poor, the tussles between the province and central government hinders social protection policies from meeting their objectives. As a result, programmes like the Chief Minister Beti Padhau, Beti Bachau Campaign suffer from poor service delivery.

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# Why Do People Work Informally in the Construction Sector?

A Case Study from Three Sites in Kathmandu

**Tara Kanel**

### INTRODUCTION

Access to contributory social security and paid leave are two of the indicators used globally to identify whether the relationship of employment is formal or informal (ILO 2018). By that token, over 84 per cent of the employed people in Nepal work informally (CBS & ILO 2019). There is no contribution made on their behalf to social security nor do they enjoy paid leave. Gender disparities are also observed within the labour sector: 90.5 per cent of employed women, compared to 81.1 per cent of employed men, are in informal employment. This data raises questions as to the reasons why such large proportions of people in Nepal work under informal employment relationships.

The Constitution of Nepal 2015 (GON 2015) guarantees all workers the right to fair labour practices, appropriate remuneration, facilities, contributory social security, and forming unions and collective bargaining. Since these are unconditional fundamental rights, the state is responsible for respecting, fulfilling and protecting them. In line with the spirit of the Constitution, the Labour Act, 2017 (GON 2017), also provides for various rights, including social protection, to all workers, irrespective of the size and nature of the enterprise they are associated with, and the kind of employment relationship—regular, contractual, full-time, casual or part time. The most recent Nepal Labour Force Survey (NLFS) reports that less than 15 per cent of employees have access to social insurance schemes and only around 17 per cent are entitled to paid leave (CBS 2019).

The government enacted the Contribution-Based Social Security Act,

2017, which aims to provide social insurance to all labourers in both formal and informal sectors as well as to self-employed workers. The insurance regime consists of four social security schemes: i) medical treatment, health and maternity protection; ii) accident and disability protection; iii) dependent family protection; and iv) old-age protection. In order to encourage the participation of informal sector workers and the self-employed, the Act stipulates that the Government of Nepal shall contribute a prescribed amount to individual social security accounts (Article 5.2). The said amount, however, has not been specified in the Act nor in its rules framed to implement it. Moreover, the Act mandates the Social Security Fund<sup>1</sup> to design and operate schemes tailored to meet different circumstances of informal workers and allow them to opt for participating in one or more schemes (Article 5.4. and 6.1). Since provisions concerning informal workers are yet to be formulated, such workers, who account for 84.6 per cent of the total employed, are excluded in practice from the public contribution-based social security coverage (CBS and ILO 2019).

The non-agriculture informal sector—consisting of construction, electricity, finance, gas, manufacturing, mining, trade, transport and water—is the largest economic sector in Nepal, accounting for 41 per cent of all employment in the country (CBS 2011). Of these non-agricultural informal sectors, construction is the largest, accounting for 37 per cent of all non-agriculture wage employment (CBS 2011). The NLFS reports that the construction sector is a labour-exploitative sector—one of the few sectors in which forced labour and excessive working hours are pervasive (CBS 2019).

Against this background, this paper attempts to understand the construction sector in greater depth, focusing especially on the factors that drive people to work in the sector. Research was conducted in three construction sites in Kathmandu with the objective of addressing the following questions:

- What are the factors that drive research participants to work in the construction sector?

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<sup>1</sup> The Contribution-Based Social Security Act, 2017 provides for the establishment and operation of a Social Security Fund to operate and manage social security schemes.

- Under what labour conditions are the research participants working?

## LITERATURE REVIEW

### ***Informal Economy, Informal Sectors and Informal Employments***

The informal economy is defined as ‘economic activities by workers and economic units that are—in law or practice—not covered or insufficiently covered by formal arrangements’ (ILO 2015). It includes all informal economic sectors and informal activities and workers as well as the output from them. Informal sectors refer to subsets of unincorporated enterprises engaged in the production of goods or services with the primary objective of generating employment or income to persons concerned (ILO 1993). Informal employment refers to employment relationships that are—in law or practice—not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits such as advance notice of dismissal, severance pay, paid annual or sick leave (ILO 2015). Informal employees (workers) include informal employers, self-employed workers and contributing family workers as well as employees whose employers do not contribute to their social security and who do not get paid annual leave or sick leave benefits. This definition includes informal employment within the formal sectors as well (ILO 2018).

The informalisation of employment relations within formal organisations is a growing trend globally. It started during the 1980 economic crisis in Latin America when standard jobs were turned into non-standard or atypical jobs with hourly wages, or into piece-rate jobs with no benefits (Chen 2012). The production of goods and services was subcontracted to informal units or outsourced. In this way, the informal economy started to be associated with formal economy. Since 1990, the globalisation of the economy has further contributed to the expansion of the informalisation of the workforce in many countries. In response to fierce global competition, formal economic units have been compelled to lower the price of their products, leading them to informalise jobs or outsource production to other units and countries.

### **Why Do People Work Informally?**

ILO Recommendation 2014 states: ‘Most people enter the informal economy not by choice but as a consequence of a lack of opportunities in the formal economy and in the absence of other means of livelihood’ (ILO 2015). The question thus is, do individuals opt for informal employment voluntarily or do they do so involuntarily? Many empirical studies have tried to answer this question with the heterogeneous nature of informal employment supporting both views. Informal employment is perceived as a preferred mode of employment due to the high wages and salaries it attracts (Kolev 1998; Foley 1997) while in other contexts informal employment is viewed as a second choice and associated with poor working conditions (Devicienti et al 2009; Kim 2005; Amuedo-Dorantes 2004).

A few studies have found informal jobs earning higher wages than formal jobs, and job-holders accordingly to have opted to work informally. Foley (1997) and Kolev (1998) found that wage rates in informal jobs in Russia were higher than in the formal sector, a finding echoed by Bedi (1998) for Poland. These studies also found highly educated and skilled workers participating in the informal economy voluntarily to exploit the better opportunities available therein.

In contrast, other studies have found informal work to be second-choice jobs, typically characterised by poorer working conditions and poorer opportunities for advancement than jobs in the formal sector. These studies suggest that individuals resort to these jobs when they need to work and cannot find a job in the formal sector because of their personal characteristics, institutional barriers, or labour-market discrimination. In Argentina, Amuedo-Dorantes (2004) found informal employment to be something individuals turned to as they found it difficult to cover the minimum household food, clothing, shelter, and fuel requirements, coupled with the difficulty to find employment in the formal sectors. In the context of Romania, Kim (2005) found that the dominant motive for informal economy participation was to escape from poverty. The strong effect of poverty on informal economy participation suggested that informal employment was used as a survival strategy by the poor in order to cushion negative income shocks during the transition (Kim 2005).

Since informal employment is generally associated with poor working



conditions and low incomes, some scholars find two-way relationships between poverty and informal employments. Devicienti et al (2009) argue that poor people take on informal employment and they remain poor due to the poor working conditions. Similarly, Chen (2012) argues that due to low wages, the absence of social dialogue, and lack of social protection such as insurance against work-related injuries or health insurance, employment in the informal economy traps people in vicious cycles of poverty.

Thus, while informal employment may be varied, most informal employment contexts are characterised by poor working conditions and low wages. In general, individuals do not prefer to take up such work out of choice. Considering the above theories about individuals' motives for working informally, I investigate the working conditions of my participants' informal employment and use their personal accounts to explore whether they opted for informal employment voluntarily in order to exploit existing opportunities or whether they resorted to these work contexts as a survival strategy in the absence of other opportunities for livelihood.

## **THEORETICAL FRAMEWORK AND RESEARCH DESIGN**

This paper is guided by constructionist and interpretivist worldviews, which recognise that a social reality is constructed and interpreted by social actors (Bryman 2012; Creswell 2014; Esterberg 2002). It contributes new knowledge by interpreting the perspectives of research participants about their employment and labour conditions. The study used qualitative methods to collect and analyse the data. Data for this research came from three construction sites in Kathmandu—a government building under construction inside Singha Durbar, the central secretariat, and two private constructions sites in the Naxal neighbourhood. The construction sites were selected purposively in order to study large-scale construction works and to contrast both government and private contexts.

### ***Research Sites***

The government building construction was inside the Singha Durbar complex where most of the government ministries are housed. It was one of a number of construction sites there. The construction was of a multi-storeyed

building meant for the Ministry of Defence. Many contractors, subcontractors and workers were involved at the site. Four layers of contracts had been entered into: the government had given the contract to a construction company (the main contractor) for the entire construction work; the main contractor had subcontracted various activities to specialised companies for specific work such as paintwork; the specialised companies had further subcontracted individual (petty) contractors for the work to be done; and, finally, the individual contractors hired labourers to perform specific tasks. At the time of this research, the construction of the structure had been complete and plastering and painting work was ongoing.

The private building sites in Naxal were also both multi-storeyed, being built for commercial purposes. Three layers of contracts were involved in the construction process there: private owners contracted construction companies; these companies subcontracted the work to individual (petty) contractors; and the petty contractors hired workers. At the time of the research, construction of both buildings was ongoing.

The individual (petty) contractors in all three sites were working informally in the sense that they were not registered with the concerned authorities and thus were not subject to state laws and policies, including tax or labour laws. Most of the labourers involved in the construction work had been hired by these petty contractors and their employment relationships were also informally managed.

### ***Research Participants***

I conducted semi-structured interviews with 20 individuals in August 2019: 10 from the Singha Durbar site and five each at the two private construction sites. All the research participants were migrant workers who had come to Kathmandu from the different parts of Nepal. The age of the participants ranged from 16 to 45 years. Most of them were either illiterate or had only basic literacy skills; one had completed the 12th grade. They were engaged in construction work on the sites in different capacities: as an individual subcontractor (1); supervisors employed by general contractor companies (2); and skilled and unskilled labourers hired by individual contractors (petty contractors) (17).

### **Research Tools, Sample Size and Sample Methods**

Semi-structured interviews allow participants to express their own perspectives openly and allow for meaningful discussions between researchers and their participants (Bryman 2012). Prior developed interview checklists guided the interviews but did not limit the scope of the participants going beyond the questions asked. Participant observation was also used to triangulate the information received from the interviews. Theoretical saturation was the principle used in determining the participant sample size (Bryman 2012). Accordingly, I stopped data collection after interviewing 20 men as no new information was likely to emerge from additional interviews. Since the participants were largely homogeneous in terms of their social and economic background, theoretical saturation was achieved at a relatively early stage.

Purposive and snowball sampling methods<sup>2</sup> were used to select research participants. Semi-structured interviews were undertaken with the purposively selected participants through snowball sampling. At the Singha Durbar site and one of the two private construction sites, there was not a single woman working. Some women were working at the second private site but not available for interviews. Thus, the perspectives in this paper come exclusively from men.

### **RESULTS AND DISCUSSION**

All the participants reported that they had migrated to Kathmandu to work from across Nepal. Most participants reported living at the construction site—in the same building being constructed—to save money on rent. As to how they had arrived at the construction sites, some reported that the individual contractors who had hired them were from their own village. Others recounted that either a close relative or a friend was already working in the sector and were thus influenced by them to do likewise. A participant, working as a helper, said:

My friends had been working in construction work in my village and they helped me to find work in construction there...My maternal uncle has been

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<sup>2</sup> Snowball sampling refers to a nonprobability sampling technique where initially sampled participants propose other participants who have the required characteristics.

engaged in construction work as a *mistri* [mason] in Kathmandu for some time, so I came to Kathmandu with him and we live here together...

Although the participants reported working in different capacities—as helpers (unskilled workers), *mistri* (masons), individual contractors, and supervisors—all of them said they entered the sector as helpers and upgraded their skills to becoming *mistri*. After that, some began to work as contractors.

All the participants reported that their parents worked in agriculture either as share-croppers or agriculture labourers. All reported that construction work was better than their parents' work, both in term of income and in terms of availability of employment. All the respondents said that construction work is easily available for those with experience. In this sense, everyone said that they were happy with the work they were doing. All the participants but two reported a willingness to work in the same sector for their whole life. The two who did not, shared plans of migrating for work overseas. Most respondents said that they move from one construction to another within Kathmandu with a few saying they went beyond Kathmandu as well. One of them said that he not only moved across Nepal but beyond as well.

In the following sections, I present and interpret the participants' personal perspectives on two themes: the factors drove them to work in the construction sector and the conditions they were working under.

### ***Factors Driving Participants to Work in Construction***

One of the questions asked of all participants was how they came to work in this sector. One of them, a boy who reported being 16 years of age, who had migrated from Birgunj, and was currently working as a helper to a *mistri* plastering walls and ceilings at the government site, described his motives thus:

I left my studies a year back to work in the construction sector in order to get enough food to eat... I was a good student and really wanted to continue my education, but I had no one at home to earn and to provide food...I have to support my parents, my younger brother and two sisters...My father used to work in a brick factory near our home and was injured during work. Since

then, he has not been able to work...The money I earn here I send to my mother. If I send to my father, he buys alcohol, but mother spends it for household expenses.

Another participant, a 20-year-old who had migrated from the same place and working as a *mistri* at the government building site, said:

We [my family] have a piece of land, 5 *dhur* [911.25 sq ft], which is just enough for shelter. That land is the only property we have. My parents engage in share-cropping...Share-cropping is not enough to support my family, so I started working in construction about five years back...My earning from this work is partly used to buy fertiliser and seeds, and to hire labourers for share-cropping work. At the beginning of my work, I was working as a helper and have been recently promoted to *mistri*...I never went to school as I had to work from early childhood...I have been working for wages since I was ten years of age.

A participant, 40, who had come from Morang district 10 years earlier and working on the government construction site as a petty contractor for painting work, said:

I started working in the construction sector 10 years ago as a helper. I learnt painting skills while working as a helper and then after a few years I started working as a painting *mistri*. Currently, I work as a painting contractor. One of the companies involved in this government construction work subcontracted the painting work to me ...I had been an agriculture labourer before I started working in construction. My earning from agriculture labour was not enough to feed my family, so I entered construction work.

Apart from two, the rest of the participants shared their similar stories regarding the fact that they started working in this sector as a strategy for survival. One of the two labourers who provided different reasons was a 22-year-old from Kailali district. He said he had recently completed his 12th grade and had come to Kathmandu to explore foreign employment. He was working on one of the private construction sites as an unskilled helper. He said:

I have recently completed 12th grade and cannot afford to continue my education due to my poor economic status. I came to Kathmandu a few months ago to explore overseas labour employment. I would like to go to Dubai for labour work. The money I earn helps me survive in Kathmandu. I am also saving to arrange for a passport, visa, ticketing and everything required for my overseas migration. Since I came in Kathmandu, I have been working in this sector and will continue until I leave for foreign employment in Dubai.

The other participant also had a similar story about plans to migrate overseas for labour work, and construction work paid for living expenses in Kathmandu as well as migration-related expenses.

### **Discussion**

The participants' accounts above illustrate that they had never had experience working formally and were very unlikely to find formal employment in the near future either. Given their personal characteristics such as low literacy, they are among the least likely to get formal employment in Nepal since such jobs are rarely available to the uneducated or less educated. On the other hand, they cannot afford to remain unemployed given their poor socio-economic status; they must work to meet their basic subsistence needs. Therefore, they do not have any other choice but to take on any work available to them. This study suggests that the participants started working in construction since they did not have any other avenue to meet their basic requirements.

### **Conditions Research Participants Are Working under**

Before understanding labour conditions and practices, I asked all interviewees to what extent they were conscious of their rights at their workplaces, and what their ideas, values and beliefs were about labour laws and institutions. One of the participants working at the government construction site said:

What are labour rights? I do not know. Poor workers do not have any rights...Laws are made to benefit the *thula bada* [big shots]. I am illiterate...How can I understand the laws?

Another said:

I do not know anything about labour laws, and I do not trust that the law will bring any positive change in our life. Democracy is said to have prevailed in Nepal, but there is no effect of it on our life.

All other participants also expressed similar feelings about their obliviousness of and distrust towards laws and other formal institutions designed and intended to benefit workers, including themselves.

I discussed their employment contracts, wages, working hours, their affiliation with any trade union or workers' association, and social protection provisions with all the participants. The findings are presented below.

**Employment contracts:** Only two participants reported having written employment contracts with their respective employers. Both had been hired to act as supervisors, one at the government construction site and the other at a private construction site. The other 18 said that they did not get anything in writing. One of the 18 was a subcontractor while the rest were workers hired in different capacities, including helper and *mistri*. In the absence of written employment contracts, the participants mentioned that their employment relationships were regulated by mutual understanding and trust.

**Wages:** The participants mentioned different wage rates for different work. The helpers reported wages of NPR 60 and NPR 80 per hour. The ones who were getting NPR 60 per hour were those working at the government construction site, whereas those earning NPR 80 were working in the private construction sites. *Mistris* reported that their wages ranged from NPR 100 to 125 per hour. For the record, the minimum hourly wage rate as defined by the government is NPR 69 (GoN 2018).

**Working hours:** Almost all workers said they worked 10 hours a day and six days a week. The rate for overtime pay was reported to be the same as that of normal working hours.

**Labour unions:** None of the participants reported being associated with any workers' association or union. Some even said they were not even aware of the existence of such organisations, while others doubted that such organisations would be helpful to them. As one of them said:

I used to be a member of a union...They charge levy to labourers but do not do anything beneficial for poor labourers...Attending union meetings requires taking time away from work that I cannot afford...I do not trust union leaders.

**Work injuries:** Most of the participants reported risks and vulnerabilities inherent in their work. A painter working on the government building said:

I need to paint walls in big buildings like this, so I am always at risk of accidents...If any accident takes place, I do not know whether there is any insurance to cover my medical bills.

However, a painting subcontractor in the same site said:

The painters who work for me use appropriate aids and safety measures such as safety belts so there is no risk of injury or other such incidents.

Most of the participants reported their ignorance about the availability of insurance in case they sustain an injury. However, some said they were covered by insurance for work injuries. At the government building construction site, a supervisor said that all the workers were covered by insurance. At one of the private construction sites, some of the participants referred to an incident that had just happened in which one of their fellow workers had been severely injured. One of the research participants described the incident thus:

While a helper was working on the second floor, he got electrical shock and fell down from the second floor. He got severely injured and the company people took him to a hospital. He is recovering slowly. Since he cannot work, he has gone back to his home [outside of Kathmandu]. He cannot work anymore, at least for few months.

Through the interviews it became clear that workers were insured against injury during work hours. However, there was no insurance to compensate for loss of earnings due to such injuries during the recovery period.

**Social protection:** Except one, none of the participants reported being covered by any kind of social protection besides the insurance for work-



related injuries. The one who said he was covered was working as supervisor in the government construction site, stated that he was also entitled to paid leave. One of the participants said:

Social protection is provided to educated officers in the government offices. We do not have such privileges.

Participants said that either they will pay medical expenses from their pocket or will die in case of illness. One of them said:

If I get sick, I cannot work, then how can I pay for the doctor's fee and medicine? I will have to starve and will die. I always pray to god. There are no other options. Thanks to god I have not been sick so far.

When asked about their plans for old age, all of the participants said that they had not thought of anything. They said they would work as long as they could. As the discussion proceeded deeper, all the participants said that their children (especially their sons) would look after them. Even the youngest participant, who was only 16 years of age, said that his children would support him during his old age. As a subcontractor said:

I have invested a lot in my son. I am hopeful that he will reciprocate during my old age.

None of the participants reported being aware of the government's social protection schemes such as the contributory social protection and the unemployment benefit programmes. After the existing social protection schemes were explained to them in order to understand their perspectives, especially contributory social security scheme, most of the participants said they were not ready to contribute. Mainly, two reasons were mentioned: first, they did not have the financial capacity to contribute as their earnings were just enough to feed themselves and their family members; and second, they did not trust the government to manage the accrued money well and provide support.

## **Discussion**

Based on the personal accounts of the research participants, a large gap was observed between the country's labour laws and actual practice. Existing practices at the construction sites were against labour laws. Laws regarding written employment contracts, minimum wages, working hours, safe working environments, and social protection were not followed at all. Only one participant had access to contributory social protection and paid leave. This means that all the other participants were working informally. The participants were also found to have been oblivious of their labour rights.

Participants also explained their low capacity to participate in the contributory social protection scheme. Some countries have designed and implemented diverse social protection regimes for formal and informal employees and workers (Durán-Valverde 2013). In these countries, the provision of incentives to informal workers to join social protection schemes was the main strategy used to encourage participation. These incentives include subsidising social protection contribution to those who do not have the capacity to contribute, providing easy access to loans under favourable conditions, reducing the number of years needed to qualify for a minimum pension, and universal health coverage (Chen and Turner 2014; Kwená and Turner 2013). In Nepal, the Contributory Social Protection Act 2018 (GON 2018) requires employees and respective employers to contribute 11 and 20 per cent respectively of the basic salary to participate in the scheme. Moreover, contributors are required to make uninterrupted contributions for 15 years to be eligible for a pension. Almost none of the participants in this study would be able to meet any of these requirements, suggesting the need for existing social insurance schemes to be customised according to the situation of informal workers.

## **CONCLUSION**

Informal employment seems to be the norm for less-educated people in Nepal. The Labour Force Survey (CBS and ILO 2019) shows that more than 91 per cent of the employees in the formal sector have tertiary education whereas only 8 per cent of informal workers have this qualification. Considering the education level of the research participants—none of whom

had tertiary level education—their informal employment in the construction sector was not out of preference but rather they did not have access to formal employment, which demands a higher level of education.

All the participants, but one, were working informally. Their working conditions were found to be very poor and exploitative. They did not have written employment contracts with their employers; most of them were receiving lower than minimum wage; they were working on average 10 hours per day and no extra pay given for overtime; they were working in hazardous environments; and they were not covered by social protection schemes. These characteristics make the work the participants were engaged in undesirable compared to formal employment arrangements—most of which provide working conditions in line with labour laws.

All the participant disclosed their socio-economic status as very low, and all but two mentioned that their motive of undertaking construction work was to provide food for themselves and their family. Two of the participants had become involved in construction work in Kathmandu as a transition to foreign employment. These two also mentioned that they would not have gone to overseas had they got good opportunities within the country.

To conclude, this study found the research participants working in conditions much poorer than the minimum standards prescribed by Nepal's labour laws. The participants took on construction work because formal jobs were not available to them and they had to do some kind of work in order to meet their subsistence requirements. This study supports the findings of many other studies conducted to understand the motives of informal workers to be engaged thus—that individuals work informally in poor conditions to meet their basic needs in the absence of opportunities to enter the formal economy.

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**Annex**

# **Summary Report: Policy Dialogues**

International Conference on Resilient Social  
Protection for an Inclusive Development

**KATHMANDU, NEPAL**  
18-19 September 2019



## Background

Social protection has emerged as a major new focus in efforts to reduce poverty and promote human capital accumulation around the world. The 2030 Agenda for Sustainable Development aims to end poverty in all its forms by expanding social protection for all, with SDG Target 1.3 aiming to ‘implement nationally appropriate social protection systems’ towards that objective.

The International Conference on Resilient Social Protection for an Inclusive Development aimed to support the Government of Nepal, and its relevant Ministries, to deliver in its vision of a core package of social protection for all and help Nepal become a more prosperous nation, with a focus on the next generation and the most vulnerable.

Recognising that there are many paths towards universal social protection, and programmes in different countries have followed different paths towards their expansion and consolidation, the conference aimed to bring regional and international experiences and research to support Nepal learn from the global experience and develop an evidence based national integrated social protection framework.

The conference was organized by the Government of Nepal, National Planning Commission, in collaboration with ILO, UNDP, UNESCAP, UNICEF, UK Aid, The World Bank, GIZ and Social Science Baha.



## Conference Objectives

The conference focused specifically on how social protection programmes, such as social security allowances and cash transfers, can be scaled-up and strengthened with a focus on the following key themes:

- Strengthening social protection systems, including rights-based approaches and contributory social protection;
- Child and family benefits, such as child grants, and linking cash transfers with key services;
- Productive programmes aimed at increasing productivity and labour market participation;
- Shock-responsive social protection; and
- Programmes reaching minority and particularly disadvantaged groups, such as disability grants.

It also aimed to support the Government of Nepal in forwarding efforts to improve its existing programmes and, within its institutional and fiscal capacity, promote equality of opportunities and ensure that the human rights of all people are secured.

## Summary of presentations and activities

### DAY 1

#### ***Session 1: Social Protection in South Asia***

The introductory and keynote speeches provided by high-level speakers set the stage, guided the conference and shared broader political direction and vision under the broader umbrella of investing in social protection for a more inclusive future.

Chair	Hon'ble Dr Ram Kumar Phuyal, Member, National Planning Commission, Government of Nepal
Keynote Speech	Dr Hossain Zillur Rahman, Executive Chairperson, Power and Participation Research Centre & Chairperson Brac Bangladesh
Participants	Ms Elke Wisch, Representative, UNICEF Nepal Dr Idah Pswarayi-Riddihough, World Bank Country Director for Nepal, Sri Lanka and the Maldives Ms Lisa Honan, Head of DFID Nepal
Chief Guest	Hon'ble Dr Yubaraj Khatriwada, Minister of Finance, Government of Nepal

Social protection is recognized by the government as a key component of Nepal's development agenda: an essential mechanism to reduce poverty levels and increase the population's resilience to disasters and shocks. The inaugural session introduced social protection as a priority and set the tone of the rigorous and honest debates that followed: experts and government officials were forthright about the challenges of establishing comprehensive and sustainable social protection systems.

Nepal's poverty and vulnerability to disasters were addressed by this session's presentations and highlighted as key concerns for the development of the country's social protection system. Furthermore, speakers

listed the many challenges and concerns regarding the design and implementation of social protection schemes in Nepal.

The need for coordination among agencies was stressed as an essential element in each of the steps of the policy cycle—from the identification of emerging issues to the evaluation of already implemented programmes

The need for programme sustainability—both politically and financially—was also highlighted, along with the demand for adaptive social protection programmes that can be scaled up to support the country’s shock-preparedness and response. Particularly for the initial development of a programme, the improvement of social registries and databases was called for as an essential task to avoid leakage and support the system’s monitoring, sustainability and adaptability.

Furthermore, early childhood, poverty, shock-resilience, gender inequality and productive inclusion were mentioned as key issues and priorities for the development of social protection schemes.

Currently, in Nepal, there is a strong political commitment for improving social protection programmes—this momentum is precious and the opportunity to build more efficient systems in the country must not be missed. The session was closed with a reminder that the expertise provided in the conference must result in concrete actions and a clear set of objectives from the government.

## ***Session 2—Addressing Inequalities in South Asia through Social Protection Policies***

Inequality remains at the top of the development agenda, with rising evidence about the impacts of poverty and unequal life chances on productivity and growth. This session explored some of the key trends shaping the poverty and inequality debate in the region, as well as recent advances in measuring inequality of opportunity, to frame the debate on the importance of social protection as a key tool to reduce inequalities in its multiple forms and achieve a more sustainable development.

Chair

Mr Balananda Paudel, Chair, National Natural Resource and Fiscal Commission, GoN

Participants	Mr Patrik Andersson, Chief of the Sustainable Socio-economic Transformation Section, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)
	Dr Baikuntha Aryal, Secretary, Ministry of Industry, Commerce and Supplies, GoN
	HE Ms Fathimath Yumna, Deputy Minister, Ministry of Gender, Family and Social Services, Maldives
	Dr Abdul Alim, Regional Social Policy Advisor for South Asia, UNICEF
	Mr Stefano Paternostro, Practice Manager, Social Protection and Jobs, South Asia Region, World Bank

This session explored the key issues involving inequality in South Asia. One of the poorer regions in the world, it still has significant inequality of opportunities—particularly for women and children—hampering its inclusive growth.

Different methodologies and approaches for assessing the inequality of opportunities were presented by the speakers: D-index, Gini, HCI, tree classification methods, intra-household analysis and a variety of dimensions and indicators illustrated the current context of the region.

Although the methods and approaches varied, all the presentations highlighted social protection's potential as an effective measure to address inequality, stressing that in South Asia, the investments in the area are considerably below the global average.

A number of social protection interventions—on social assistance, social insurance, labour market and microfinancing—were mentioned as part of the efforts to reduce inequality in the region. Examples of good practices—such as some of the Maldives' social protection policies—were brought to illustrate the path ahead.

Speakers also noted that inequality is reflected differently in the accessibility to programmes: from lack of information to difficulties in transportation to receive the benefits. In fact, a combination of circumstances may impact the access to social protection programmes, including gender, language, education, geographic location and others—

and they all should be considered on the policy design.

In that sense, clearly identifying the targets of each programme, as well as understanding the circumstances in which they are living, is essential to ensure the programme's success. One of the speakers also highlighted that information is key to tackle household level and age specific inequalities, which can have significant impact on inequality and inclusion in the long term.

The speakers acknowledged social protection as a key tool to reduce inequalities in its multiple forms and achieve a more sustainable development. Key challenges on the way forward include improvements on the access and quality of services, promotion of employment support packages, development of shock-resilience initiatives and strengthening the integration of programmes, information and delivery systems.

### ***Session 3—Investing in the Future: Child and Family Benefits***

In this session, panellists discussed experiences, potential and challenges of child and family benefits, such as Child Grants, as a key way to invest in future generations. The session also discussed Nepal's current plans to expand the Child Grant and bring other experiences on how different countries have moved towards universal coverage. The session highlighted some of the emerging evidences about Cash plus and how other key services can enhance impacts.

Chair	Hon'ble Dr Usha Jha, Member, National Planning Commission, GoN
Participants	Dr Michael Samson, Director of Research, Economic Policy Research Institute, South Africa Mr Deepak Kafle, Director General, Department of National ID and Civil Registration, Ministry of Home Affairs, GoN, and Ms Preksha Golchha, Senior Research Fellow, Economic Policy Research Institute (EPRI), South Africa Dr Somchai Jitsuchon, Thailand Development Research Institute

Ms Sanghamitra Ghosh, Secretary, Department of  
Women, Child Development & Social Welfare,  
Government of West Bengal

The importance of investing in early childhood was highlighted throughout the whole session. Speakers brought evidence of the positive impacts of investing on child grants, including the full development of cognitive capabilities, nutrition security and school attendance.

In that sense, while the purpose of child benefits is to create or improve well-being, they can also build cognitive capital, improve household's resilience and have long lasting effects not only on a person's life, but in a country's long-term growth. Further research points out that well-implemented child grants are also linked to positive impacts on smallholder agriculture, health and gender equality.

Thailand's Child Grants programme was mentioned as an example of good practice: although the exclusion error rates are high (around 30%), the programme had significant positive effects. Strong partnerships and monitoring systems were mentioned as some of the key factors of the programme's success.

Additionally, the case of India's Kanyashree Prakalpa was presented as an example of successful programme that combined cash transfers with other interventions (cash plus). Designed to prevent child marriage among adolescent girls in the Bengal region, the programme managed to achieve almost full coverage on its target region.

The main lesson learned from this programme, however, was the importance of combining the monetary transfers with other interventions. In this particular case, the interventions included training and awareness-raising initiatives to ensure the programme goals are reached and maintained even after the girls are older.

Whenever possible, cash plus programmes must be favoured over simple cash transfer programmes—there is strong evidence demonstrating that combined interventions have more significant and lasting impacts on their target populations.

Regularity, quality and accessibility of services and need for expansion

to cover pregnant women were some of the key challenges mentioned during the session. The benefits of child grants are so widely acknowledged that Universal Child Grants have become a priority for Nepal's government: efforts are being carried out to ensure the expansion of existing programmes to more regions and households.

#### ***Session 4—Shock-Responsive Social Protection: Building Resilience and Protection against Shocks***

Panellists discussed the role of social protection systems in helping states respond to natural disasters and shocks. The session reflected on recent experience and research on shock responsive social protection in Nepal and set it within the international context of different approaches to shock responsive social protection. The aim of the session was to take stock of where Nepal is and what the potential is for Nepal to develop its social protection system to be more shock responsive in the future.

Chair	Ms Indu Ghimire, Joint Secretary, Ministry of Home Affairs, GoN
Participants	Ms Clare O'Brien, Senior Adviser on Social Protection, World Food Programme
	Ms Alexandra Yuster, Associate Director and Chief of Social Policy, UNICEF NYHQ
	Mr Daniel Clarke, Director, Centre for Global Disaster Protection
	Dr Thomas Walker, Senior Economist, World Bank

During this session, panellists discussed the role of social protection systems in helping states respond to natural disasters and shocks: a topic of major importance to Nepal. Each year, 25-50% of households in Nepal experience some kind of shock—and major disasters such as earthquake, floods, landslides and droughts are common in Nepal. Riots, blockades, price hikes and death in the family were identified as factors of considerable impact in many households, and all those factors have different impacts across different types of household.

The session analysed Nepal's current context in detail, highlighting that understanding how communities cope with losses caused by different kinds of disaster hazards is essential to tailor social protection programmes and increase their adaptiveness.

As discussed during the session, the acknowledgment that shocks may happen must be a key component of a good social protection policy design, particularly for a disaster-prone country like Nepal. More than preparing the programmes, there is a need to ensure that their implementation systems can support sudden expansions needed in times of crisis.

As it was pointed out, being able to keep social protection programmes delivering their benefits despite the crisis is already a great challenge—one that requires extensive planning and coordination to happen. In a moment of crisis, social protection programmes must be able to share payment systems, include or expand beneficiaries and maintain its monitoring framework, without losing touch with their main objectives.

The session also covered the financial challenges of implementing successful adaptive and shock-resistance social protection systems. Multiple examples around the world (both in developed and developing countries) demonstrate that the lack of proper planning and coordination result in slow and insufficient responses to disasters.

The development of efficient shock responsive social protection systems should focus on the elaboration of a national plan, identifying vulnerable communities, risk-prone areas and programmes that could be expanded in case of disasters. It is also key to structure contingency funds and coordination mechanisms among different agencies.

The session also brought examples of good practices in Malawi and Myanmar, raising attention to the challenges that Nepal will have to face in order to build effective shock-resilient social protection programmes. In Mexico, examples of good practices include shared responsibility between local and national government. Kenya established partnerships to support the financing and expansion of social protection programmes when shocks occur.

Furthermore, financing shock-responsive policies result in increased accountability, faster responses and faster reconstruction. The key lesson of the session is that strong social protection systems are key to mitigate



shocks and can more easily be expanded and adapted in case of major disasters.

## DAY 2

### ***Session 1—Improving Productivity through Social Protection***

In addition to providing a safety net for the most vulnerable people, social protection can also support people to become more productive. This can also facilitate people to move up the ladder of prosperity. In some parts of the world, public works plus or second and third generation public works programmes have proven how productive social protection can function successfully.

Chair	Mr Binod K.C., Secretary, Ministry of Labour, Employment and Social Security, GoN
Participants	Dr Rachel Slater, Professor, University of Wolverhampton
	Mr Bjorn Johannessen, Senior Specialist on Employment Intensive Investments, International Labour Organization
	Mr Phillippe Leite, Senior Social Protection Economist, World Bank
	Mr Prakash Dahal, Joint Secretary, Ministry of Labour, Employment and Social Security, GoN

The session started with definitions of key concepts and scope: productive inclusion programmes can vary greatly on their extension, targets and objectives. The challenge of productive inclusion is its strategic nature: good programmes and interventions enable people to improve their livelihoods and, eventually, become less dependent on social safety nets.

Productive inclusion programmes are also key to ensure decent wages, providing cash income that could be invested in other income generating activities and for producing sustainable assets. In that sense, evidence shows many positive impacts as a result of those programmes, including increased income, access to credit, skills training and others.

As a key mechanism for employment, sustainable livelihoods and infrastructure improvement, these programmes are important elements of resilient social protection systems. Furthermore, mainly from the effect of improved infrastructure, these programmes can lead to better roads, increased farming yields, improved access to health services, etc.

Apart from the challenges common to the design of any social protection programme, policymakers face a particular set of challenges when designing productive inclusion and public works programmes: interventions must be developed according to the needs of the region, but always considering scalability, sustainability and, if possible, cash plus interventions.

The cash plus programmes are proven to be particularly fruitful for productive inclusive initiatives: Brazil's successful *Brasil Sem Miséria* programme, for example, had different interventions for rural and urban settings, combining grants with training, mentoring and psycho-social support for the participants.

Other examples of good practices from all over the world illustrated the importance of incorporating cash plus interventions to the programmes, enabling participants to improve their overall living condition in the long term, and underlined the importance of productive inclusion programmes for development.

### ***Session 2—Promoting Social Inclusion: Impacts of Social Protection on Vulnerable Groups***

This session looked at how to design inclusive and robust social protection programmes that reach and support particularly disadvantaged and excluded groups such as persons living with disabilities, minorities, and women and policy options to consider when designing inclusive schemes.

Chair	Mr Chandra K Ghimire, Secretary, Ministry of Women, Children and Senior Citizens, GoN
Participants	Ms Ermina Sokou, Social Affairs Officer, Social Development Division, ESCAP Mr Mitra Lal Sharma, President, National Federation

of the Disabled Nepal

Mr Ram Prasad Ghimire, Joint Secretary, Ministry of Labour, Employment and Social Security, GoN

Mr Ahmet Tunc Demirtas, Expert for Family, Labour and Social Services, Ministry of Family, Labour and Social Services of Republic of Turkey

Mr MD. Abul Hossain, Deputy Secretary, Ministry of Social Welfare, Bangladesh

Ms Tahereh Zandi, First Secretary, Division of International Specialized Agencies, Islamic Republic of Iran

The session started with a remark on the importance of establishing social protection floors and strong social protection systems: social protection was again acknowledged as a key instrument to reduce inequality, mitigating shocks and increasing productivity. Global evidence illustrating the impact of social protection in the reduction of inequality was shown to the audience.

In that sense, the role of social protection for people with disabilities was also addressed by the presentations, with special attention to Nepal's context: the country's disability allowance lacks on coverage and provides a benefit that is insufficient to fulfil people's needs.

Furthermore, there are major problems in targeting and in providing access to the benefits, which hinder people's access to an already insufficient system. The key lesson is that programme design for disabled people should make an extra effort to correctly identify people that are eligible for the programme, providing relevant grants and ensuring they are able to receive it.

Other social protection schemes targeted to vulnerable people—particularly women and mothers—were also addressed during the session. Bangladesh's experience was brought to illustrate the wide range of social protection programmes to cover for the country's most vulnerable populations: in total, 132 programmes are currently in place, which demonstrates the relevance of social protection schemes to improve the living conditions of marginalized and vulnerable groups.

Following up on the case studies, Iran's efforts towards universal health coverage were discussed during the session. Targeting vulnerable groups, which include disabled people, rural workers, youth and women, the country aims to provide free and accessible health care for its citizens. Furthermore, the policy includes a component to prevent HIV contamination among vulnerable youth.

Closing the session, Turkey's experience with migrants was brought to exemplify two important social protection mechanisms for reducing inequalities and protecting vulnerable populations: social safety nets and conditional cash transfers for education.

### ***Session 3—Developing Systems: Policy Integration, Implementation Systems and Financing***

This session discussed the systematic approaches of social protection to ensure that people are covered against poverty and risks throughout the lifecycle. The discussion also focused on how the social protection strategies and programmes are to be coordinated with those of other sectors, including employment and food security. The session also discussed how integrated social protection information systems can be developed in Nepal.

Chair	Mr Shreekrishna Nepal, Joint Secretary, Ministry of Finance, GoN
Participants	Yadu Acharya, Programme Directors, National Planning Commission, GoN
	Dr Franziska Gassmann, Professor of Social Protection and Development, Maastricht University
	Pinaki Chakraborty, Chief of Social Policy, Chennai Office, UNICEF India
	Dr Said Mirza Pahlevi, Head of Data and Information Centre, Ministry of Social Affairs, Government of Indonesia

A discussion on Nepal's social protection policy integration, implementation and financing opened this last session. Presenting the legal framework and financial regulations of Nepal's social protection system, the numerous schemes currently existing in the country were identified. The presentation highlighted the difficulties in establishing effective coordination and accountability among different levels of government—which continues to be a challenge hindering the schemes' successful implementation.

The country also presented the structure of an integrated social protection framework and a detailed list of possible interventions thought to address a different set of social issues. Furthermore, the session also addressed the importance of complementary policies for the effectiveness of social protection policies.

Throughout the conference, the challenge of financing social protection was addressed many times. It is important to note, in that sense, that social protection does not always present immediate results—and, in fact, its return on investment is quite difficult to determine.

To increase the complexity of the issue, there could be barriers to hinder the realization of social protection systems. Context factors (sometimes unpredictable) can have significant impact on the effectiveness of programmes—including ones that were initially well designed.

In that sense, evidence shows that context highly affects the effective of social protection. The importance of cash plus interventions add to this issue: they are essential to overcome some barriers, particularly in the household levels, and ensure the full accomplishment of social protection policies.

Lastly, the session addressed challenges of financing social protection: while, ideally, social protection should be financed with domestic revenues, there are increasing constraints to revenue mobilization in independent tax policies.

The debate also highlighted that policy flexibility, attention to the local context and centralized coordination mechanisms are essential for the establishment of the necessary fiscal space for the social protection scheme. Additionally, including social protection on the national budgets could greatly contribute to more transparency and accountability.

## ***Closing Session***

This session outlined the contributions of the conference and presented the views of the Government of Nepal on a call to action and the path forward.

Participants	Hon'ble Dr Ram Kumar Phuyal, Member, National Planning Commission, GoN, presents Call to Action Remarks by Hon'ble Prof. Dr Puspa Raj Kadel, Vice Chairman, National Planning Commission, GoN Closing remarks by Mr Gokarna Bista, Hon'ble Minister of Labour, Employment and Social Security, GoN
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More than sharing experiences and good practices on social protection, one of the main goals of the conference was to promote informed policy debate to support the Government of Nepal and its relevant ministries in their efforts to promote and advance an inclusive social protection agenda for the country.

In that sense, after the policy dialogues and sessions were ended, ministries and government officials were reunited at the conference's venue to agree on an action plan for social protection.

In their speeches, the ministries acknowledged the importance of the event for highlighting matters of concern, good practices and recommendations. It was mentioned that the debates and evidence presented throughout the conference provided invaluable subsidies to this call for action and for government actions to follow.

Following up on the conference's debates, the ministries established key priorities for Nepal's social protection:

- the creation of an integrated social registry, with demographic, social and economic data;
- the need to assign institutions and agencies responsible for the development of that single registry, as well as ensuring its update and monitoring;
- the need to link social protection with key services;
- the need to invest in productive employment and social security;

- the need to expand coverage of specific programmes, particularly child grants.

Lastly, the ministries reminded that the recommendations from the conference will be in the centre of the government's actions and reaffirmed their commitment for the establishment of more effective and comprehensive social protection schemes, particularly for vulnerable populations.

## Main Outcomes

The conference provided an important space to discuss the current situation of Nepal's social protection system, as well as good practices and experiences from other countries. The presentations provided key insights over the current debates on social protection, displaying frankly the challenges and political commitment necessary to establish efficient programmes and systems in Nepal.

Speakers also listed challenges and concerns regarding the design and implementation of social protection schemes, including the need for:

- coordination between different government agencies on the implementation, expansion and integration of programmes, as well as the delivery of benefits;
- political will and commitment for the establishment of social protection programmes;
- design programmes that are sustainable through political change and social turmoil;
- efficient monitoring and evaluation frameworks;
- improvement of social registries and databases;
- adaptive social protection policies that can support the country's shock-preparedness and response; and
- fiscal space to establish and maintain social protection programmes.

The conference was instrumental to identify and clarify key issues for the establishment of efficient social protection systems: early childhood, poverty, shock-resilience, gender inequality, disabilities and productive inclusion were mentioned as key issues and priorities for the development of social protection schemes.

Moreover, the conference has helped to update, enrich and re-define the social protection agenda in the country, bringing to the spotlight issues of urbanization, sustainable financing, institutional arrangements for coordination, designing of safety ladders and responding to aspirational citizenry,



while emphasizing the role of the private sector.

Throughout the conference, it became even clearer that Nepal needs to establish a package of social protection policies and programmes which will effectively protect people from poverty, help manage risks and vulnerabilities, and promote poor households' investments in human and productive capital.

In that sense, social protection needs to be central strategy within planning and budgetary decisions. Establishing partnerships, alliances and a concerted advocacy process must be an agreed strategy and a priority for Nepal. It is essential to reconcile competing priorities and tailor an efficient and effective integrated strategy to forward this agenda.

In order to realize this, Nepal needs to:

- Urgently formulate and adopt a national social protection strategy;
- Mandate an institution to lead the formulation of social protection policies, coordinate social protection programmes, manage the social registry, and monitor the outcomes of the Nepal's Government social protection investments;
- Build an integrated social registry to be used by all social protection programmes to ensure the inclusion of the poor and vulnerable and coordination across programmes; and
- Improve the design of key programmes to make them more effective, including by improving their targeting, linking them to services and productive opportunities, and making them responsive to disasters.

The conference presented evidence and recommendations that could support not only Nepal's government, but any agency interested in forwarding social protection in its local context. Nepal is currently in a unique position of spurring a regional transformation—and the conference's sessions and materials will surely serve a source of inspiration for the development of more inclusive social protection policies.





## THE CONTRIBUTORS

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**Rebecca Holmes** is an independent consultant and Research Associate at the Overseas Development Institute. Her policy-relevant research on social protection has focused on gender equality and empowerment, social inclusion, and the humanitarian-development nexus. She has provided technical policy advice on gender equality and social inclusion for social protection responses to COVID-19, has developed detailed guidance on design and implementation of gender-responsive and inclusive social protection, and has recently led qualitative and mixed-methods research projects on social protection in Nepal, Rwanda and Malawi. Rebecca is co-author of the book, *Gender and Social Protection in the Developing World: Beyond Mothers and Safety Nets*.

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Social protection has emerged as a major new focus in efforts to reduce poverty and promote human capital accumulation around the world. The 2030 Agenda for Sustainable Development aims to end poverty in all its forms by expanding social protection for all, with SDG Target 1.3 aiming to ‘implement nationally appropriate social protection systems’ towards that objective.

The international conference on ‘Resilient Social Protection for an Inclusive Development’ held in Kathmandu on 18-19 September 2019 aimed to support the Government of Nepal, and its relevant Ministries, to deliver in its vision of a core package of social protection for all and help Nepal become a more prosperous nation, with a focus on the next generation and the most vulnerable.

This volume contains the proceedings of the research papers presented at the conference along with a summary report of the parallel policy dialogues.



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