

# Social protection profile: Nepal

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Since 2018, the International Policy Centre for Inclusive Growth (IPC-IG) has partnered with the UNICEF Regional Office for South Asia and its respective Country Offices to develop a series of comparative papers on social protection (SP) in the region, covering social expenditure, legal frameworks, design of flagship national non-contributory SP programmes—including their child- and gender-sensitive features—the socio-economic impacts of the COVID-19 crisis and the SP responses deployed, and findings from quasi-experimental impact evaluations. All the studies listed, except the last one, were published in 2020. This One Pager highlights key findings for Nepal.

From a legal perspective, the country took two important steps in 2018: it moved towards building an SP system anchored on a rights-based approach, through constitutional provisions, and it launched the Social Security Act, which regulates operational features of SP programmes. Further, it is noteworthy that the Nepalese Constitution is the only fundamental law in South Asia which directly sets out children's rights. Moreover, the Constitution enshrines the right to SP as an enforceable entitlement reserved for vulnerable individuals and groups. On the other hand, 4 of the 10 national non-contributory flagship programmes mapped lack a specific regulatory framework.

In terms of social expenditure, taken together, Nepal's public expenditure on health, education and social assistance is the third highest in South Asia. Although health spending per capita has more than doubled since 2005, it is still worrying that health funding comes mainly from out-of-pocket spending, and 12 per cent comes from development assistance (2019). Regarding education spending, over half of the budget is allocated to primary education, which Nepal is close to universalising. However, participation rates in secondary and tertiary education are substantially lower, and the country's education spending per student is the lowest in South Asia.

Five of the country's 10 non-contributory flagship SP national programmes are cash transfers for specific vulnerable groups: the Old Age Allowance, Universal Child Grant (UCG), Disability Grant, Endangered Ethnicity Grant and Single Women's Allowance. Additionally, there are conditional cash transfers, scholarships, school feeding, sustainable livelihoods and public works initiatives. Combined categorical and geographical targeting is the most common targeting mechanism, whereas poverty measurement (which is more expensive to implement) is rarely used.

Regarding child- and gender-sensitivity, Nepal's SP system covers different vulnerabilities along women's life cycle. Besides the Single Women's Allowance, there is also the Aama Programme, which fosters antenatal care and institutional delivery, while the Karnali Employment Programme prioritises females. The country also possesses a UCG for children under 5 years old (capped at two children per household). It has not yet reached national coverage but is currently undergoing geographical expansion. It is noteworthy that two programmes support children's access to education: the National School Meals Programme, targeting children enrolled in primary education in selected districts, and scholarships, targeting girls, Dalit children, those with disabilities and other vulnerable groups.

Impact evaluations have demonstrated the potential of SP programmes to boost Nepal's development. The Aama Programme led to an increase in health worker attendance at delivery, and, surprisingly, the Old Age Allowance had positive spillovers for child survival rates. However, research has also shown

that the UCG's nutritional and educational results would be more consistent if the benefit amount were higher and delivered more regularly.<sup>1</sup> Likewise, the value of the scholarships is crucial to effectively decrease child labour rates.

In terms of SP responses to the COVID-19 crisis, the Government of Nepal adopted circumstantial SP measures; except for an increase in coverage of the Prime Minister's Employment Programme for Returnees, targeting Nepalese workers returning from abroad and prospective emigrant workers who could not leave the country (IPC-IG 2021), the major social assistance initiative was the distribution of relief packages (food items) to informal workers and people living in deprivation without a caregiver. Other initiatives with the potential to reach those most in need were fee waivers and the postponement of public utility bills. It is notable that no social assistance specifically targeted informal workers, who represent 94 per cent of the country's workforce.

Given this background, key policy recommendations are as follows:

- Roll out regulatory frameworks to the programmes lacking one.
- Promote greater government financial ownership of social policies, and enhance the efficiency and equity of social spending.
- Expand overall coverage of the SP system, notably towards informal workers.
- Expand the coverage of programmes supporting children's access to education beyond primary education (such as the National School Meals Programme) or the most vulnerable (scholarships).
- Increase the benefit amount of the scholarships when needed, since the cash value is crucial for spillover effects—i.e. decreased child labour and child marriage rates.
- Increase the benefit amount of the UCG to ensure sustainable improvements in children's well-being.
- Promote synergies among the programmes, considering the generalised use of scheduled pay points to deliver cash. Those opportunities could be used to systematically promote referral to other, complementary initiatives.
- Improve the shock-responsiveness of the country's SP system.

## References:

Alim, Abdul, Fabio Veras, Rafael Osório, and Pedro Arruda. 2020a. "UNICEF and IPC-IG paper series on Regular Social Protection Landscapes in South Asia." Social Protection blog post, 9 September. Accessed 22 October 2021. <<https://bit.ly/3ftQDq2>>.

Alim, Abdul, Fabio Veras, Rafael Osório, and Pedro Arruda. 2020b. "UNICEF and IPC-IG paper series on Covid-responsive Social Protection Landscapes in South Asia." Social Protection blog post, 9 September. Accessed 22 October 2021. <<https://bit.ly/3A6RswJ>>.

IPC-IG. 2021. "Social Protection Responses to COVID-19 in the Global South." Online Dashboard. Accessed 22 October 2021. <<https://bit.ly/3MjQ1L>>.

## Note:

1. Preliminary findings of an upcoming evaluation of the UCG commissioned by UNICEF Nepal indicated better results concerning nutrition—wasting and underweight—and increased agency of beneficiary mothers.