Social Protection Policy and its Response in Nepal

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Abstract

Social protection aims to support the weak and underprivileged. It refers to a set of policies to help marginalized people maintain an adequate standard of living throughout their lives. There are many social protection programs in Nepal targeting vulnerable groups such as senior citizens, the disabled, women, the marginalized, and Dalits. There are numerous social protection programs in Nepal, including insurance, subsidies, and public works initiatives in addition to cash, in-kind, and food offerings. This paper reviews existing literature on such social security debates by systematically describing the key elements of coverage, benefits, and sustainability through the desk study method. It is a critical evaluation of the available research on Nepal's social protection schemes. This paper then concludes that, despite minimal governmental capacity, there are enough programs under operation. However, for optimum output, the Government of Nepal must also take into account the enhancement of its current policies, administrative capabilities, and long-term sustainability.

Keywords: governmental response, policy, social protection, social welfare

Introduction

People all over the world are exposed to a variety of risks that have an impact on their way of life, both directly and indirectly. Social protection programs provide social and economic support to the poor and marginalized to minimize threats to their way of life. It aims to improve the well-being of extremely underprivileged and marginalized people and reduce their vulnerabilities by increasing the provision of reliable social protection with available social services by their governments. It refers to how the government becomes involved in enhancing human welfare and addressing needs in the areas of education, health, housing, well-being, and a variety of social protections. In Nepal, social protection has elevated in importance as a tool for public policy over the last two decades. Even though social protection, particularly social insurance, has a long history in the country and social transfers were still being distributed at the time the Maoist conflict ended, the Nepali government has been expanding its efforts in this

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area. Social protection programs are specifically included in the larger post-conflict development and reconstruction agenda (Koehler et al., 2009). Over the past two decades, social protection has risen to prominence as a tool for implementing public policy in Nepal, with a variety of goals including raising income and food security and reducing social isolation (Koehler, 2014). Social protection is increasingly recognized as an effective measure to address poverty and vulnerability in developing countries (Conway et al., 2000). The social protection floor is effective in reducing poverty, containing inequality, and sustaining economic growth, however, there is a need to combine these measures with more comprehensive social security (Khanal, 2013). The social protection programs placing its priorities on reducing poverty and promoting social justice can be sustainable and effective.

Nepal during the autocratic 104 years of Rana Regime did not have basic rights to its subjects. The emergence of democracy in 1950 gave people some rights but the political transition continued. In 1960, the people's representative was elected as Prime Minister but after one year, people's political rights were curtailed. And, for the consecutive 30 years, a party-less Panchayat regime existed. In 1990 another political movement took place aiming to replace the Panchayat regime and after the people's movement became successful, it established many rights after issuing the constitution in 1991 (Niti Foundation, 2019). After 1996, there were numerous political upheavals in Nepali society. Following the 12-point agreement between Maoists and other political groups, the People's Movement, occurred which ousted the King's authority in 2007. After that, only after the 2007 people's movement and the 2007 interim constitution did Nepal begin to pay particular attention to social policy. Two temporary development plans were created after the provisional constitution was adopted. Women, Dalits, Madhesis, marginalized people disabled people, and ethnic groups received special consideration in both programs.

Regarding the protection of social and economic rights, the 2015 Constitution of Nepal is quite progressive. Social protection schemes can be divided into three major groups. The first category includes rights that are based on citizenship and are considered universal, such as the right to free public education (described in Article 31), free basic healthcare (described in Article 35), food security, and sovereignty (described in Article 36), suitable housing (described in Article 37), and employment (Article 33). Special rights for citizens who are disadvantaged and marginalized fall under the second category. For instance, those who qualify for social security include the poor, the disabled, single mothers, children, Dalits, individuals with impairments, and endangered ethnic groups (Article 43). Similarly, the Dalit group is granted
particular political, social, and economic rights under Article 40 of the Constitution. These rights include educational scholarships, health and social security benefits, and the supply of land and homes for people who need them. The rights of women, Dalits, and indigenous people to social justice are enshrined in Article 42, while Article 41 offers specific protections and social security for senior citizens. The third and last type of social protection rights is labour rights, which are granted to all employees regardless of their employment status or place of employment size (Niti Foundation, 2019). All workers are required to participate in social insurance and protection programs under Article 34 (Government of Nepal, 2015). The right to education, health care, employment, and many other issues have been recognized as human rights in Nepal's 2015 constitution, which is encouraging from the standpoint of social protection policy. Following the adoption of the interim constitution, the Nepali government pledged to increase the scope of social safety nets and protections. The welfare of its people is a state's obligation. The current constitution of Nepal grants allowances as a form of social protection to senior citizens, economically disadvantaged Dalits, people with disabilities, children, people who are dependent on others, dependent single women, people who belong to completely dependent castes, dependent single women, and people whose ethnic groups are in danger of extinction.

Social security can be summed up as any legally mandated program of social safety that offers people some level of financial security when faced with unforeseen circumstances like old age, widowhood, disability, illness, and so on. A fundamental idea in public welfare is social protection. The government and the fund must take care to ensure perpetual social protection if they are to provide meaningful solutions to the objections raised about the application of this concept in Nepal. It is crucial to situate social protection in the context of meaningful connections to other policy domains. Social protection is a subset of social policy as a whole. The linkage between social protection and broader social policy analysis is important to the analysis and prioritization of public expenditures and public policy adoptions. The main aim of this paper is to examine the scope and effectiveness of social protection policies and programs in Nepal through the analysis of secondary information.

**Methods**

The main aim of this paper is to examine the scope and effectiveness of social protection policies and programs for social protection in Nepal through the analysis of secondary information. This research is entirely based on the evaluation of policies, implementation processes, and output of different schemes of social
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protection programs applied by the government of Nepal at different times. This paper is based on an entire review of existing literature on social security debates including the existing situation and challenges of social protection policy in Nepal through the desk study method using second-degree data. This study systematically evaluates the current provision of social protection policies in Nepal including the key elements of coverage, sustainability, and benefits.

Analysis of the Data

Social Protection and Social Security Policy and Practices in Nepal

Social protection in a broad sense consists of policies and programs aiming to reduce poverty and deprivations that provide adequate security to the basic minimal livelihood of citizens (Drucza, 2018). Social spending is related to social policy. It deals with the identification of priority areas and resource management. Hence, social spending refers to the allocation of resources in defined social areas like old age, children, workers, unemployed, minorities, etc. for program implementation. Mass welfare state always allocates budget for social areas. It always focuses on the services of people. For example, it is dedicated to providing services to people such as investment in education, health, pension, etc. Poor families receive special allowances and discounts in many areas. Workers, labourers, and the poor get all types of services from this social spending.

In the process of maintaining social welfare, the state has to gradually increase its budget in the areas of social development. In Nepal, particularly after the 2006 people's movement, many people's voices are heard and their demands addressed. Before the movement, there was an inadequate trend of investment in the name of social security. The government started giving meagre amounts as old-age allowances in 1994. However, that time the number of people living in poverty in Nepal was higher. Some people felt that they were socially, culturally, and politically exploited, and excluded from mainstream development. The state itself was unable to find a clear format of investment for social security. But the political change gave the message for investments in social areas. The state after the movement had to prepare a work plan for the development of women, ethnic people, marginalized classes, the poor, rural farmers, the elderly, children, and many other groups. It may be thus the restructuring of the state was felt. Hence, social security is highly prioritized by the constitution.

Nepal started making social security policies earlier in its history and some of the attempts are mentioned here: Army Fund 1991 BS, Civil Servant Security Fund 2001 BS, Workers Security Fund 2019 BS, Citizen Investment Fund 2047 BS, Old-age
Social Security Fund 2051 BS, Social Security Tax 2066 BS and Social Security Fund 2066 BS. These programs encouraged investment in social areas. Few people had started taking benefits from those allowances. But, much of the service was for retired employees. It means that the social security system was very narrow. Now, the trend is changed. Many legal and policy attempts are made, which can be mentioned here: Workers Welfare Fund Act 2019 BS, Citizen Investment Fund Act 2047 BS, Government Workers Act 2049 BS, Workers Act, and Exchange Act 2049 BS, Income Tax Act 2049 BS and Senior Citizen Act 2063 BS. Based on these mentioned acts, the government spends in the name of social security and has tried to systematize various areas of social protection. Different provisions illustrated in the latest constitution of Nepal for social protection are moving in a positive direction.

Several laws have been introduced since the promulgation of the Constitution that helps to guarantee universal social protection. These include the Compulsory and Free Education Act 2018, the Public Health Service Act 2018, the Children Act 2018, the Right to Employment Act 2018, the Food Rights and Food Sovereignty Act 2018, and the Housing Rights Act 2018. The FY 2019-20 budget of the Nepal government plans to continue most of the existing programs and also introduce some new ones. In FY 2019-20, the federal government allocated 11 percent of its total budget for education and five percent each for health, housing, and community services. Likewise, it has reserved five percent of the total for social protection programs including unemployment benefits (7.55 percent of the social protection budget), social inclusion (0.9 percent), social protection research and development (1.08 percent), and other social protection programs (91.26 percent) (Niti Foundation, 2019). Similarly, the Contribution-Based Social Security program has launched on 27 November 2018 under Social Security Act 2017. The government of Nepal aimed to serve nearly 3.5 million people in a national campaign to ensure the social security of private-sector workers with a comprehensive welfare package. However, employers are hesitating to sign up for the program. Workers are not fully convinced of the security scheme yet.

Special social security arrangement is made in different areas of social security concerning people falling under the old, disabled, women, marginalized, Dalit, categories. Also, government workers are given special attention and are given pensions after their retirement. But, people working in the informal sector and self-employment are not covered by social security provisions. People under 15 years of age and above 70 years of age and minorities of all ages are provided heart care service free of cost. In recent times, kidney patients are provided free dialysis services. Similarly, cancer patients from poor families are given certain amounts during treatment. All these areas receive 3% of the total budget of the government. According to the report of the Ministry
of Finance (2010/11), three types of social security programs have been launched in Nepal: social insurance, social assistance, and labour market interventions. The newly enacted Social Security Act 2017 has provided eight social insurance schemes while defining the legal authority of the Social Security Fund as an autonomous corporate entity for managing all contribution-based social security schemes. Social assistance schemes vary but can be grouped into the universal old-age pension, the child protection grant, the disability allowance, caste-based school stipends, and a birthing grant. Some schemes follow a universal approach while others are targeted. The minimum employment guarantee law has been enacted, and various insurance schemes are underway with health receiving the highest priority to widen coverage. The new contribution-based Social Security Scheme launched in 2019 is a bold step towards achieving decent work for all, especially in the formal sector (UNDP, 2020). An important constitutional right has indeed been made a reality according to the Employment Act of 2018. Under the Social Security Act of 2018, the Contributory Social Protection Regulations have been put into place to support just labour relations, the alleviation of poverty, and overall economic security. The social protection program in Nepal is a powerful mechanism to improve the quality of life of marginal people. However, all stakeholders of government including respective provinces' mechanisms must offer social protection services in an integrated way.

**Discussion**

**Social Spending for Social Protection and its Response in Nepal**

Three sets of factors help explain the limited impact of these social protection programs on social inclusion: 1) the combination of economic, social, and institutional factors that mediate program impacts; 2) financial resources and service delivery capacity that affect implementation processes and program outcomes, and 3) the objectives and nature of social protection and labour instruments that may limit their potential impact. Designing an appropriate social protection program with adequate financial resources and service delivery capacity and institutionalizing policy linkages is crucial in effectively addressing the drivers of exclusion and maximizing outcomes (Babajanian et al., 2014). In Fiscal Year (FY) 2014/15, Nepal's nominal social security budget allocation was NPR 6 billion; in FY 2020/21.2, it is projected to be NPR 188 billion. The SP budget has increased by more than 20 per cent annually over the past five fiscal years, except for FY 2019/2020, when it increased by 14 percent. Note that the administrative costs of local governments executing federal government programs (such as beneficiary identification) may not be completely reflected in these allotted amounts due to data limitations and system gaps (UNICEF 2020).
Social security spending has a positive result in Nepal. As mentioned in the 14th Plan, the attempts of making all state organs inclusive have helped a significant increase in women's participation. In 2015, the direct gender-responsible budget has reached 22.3%. The target group number under the women's development program has crossed 1043000. The 13th plan had an objective of reaching a 100% net enrollment rate at the primary level from 95.3% and by the year 2015, it reached 96.6%. It had aimed to increase the total literacy rate to 85% from 65.9% and it reached 78%. The literacy rate between 15-24 years was supposed to increase by 95% from 87.5% and reached 88.6%. The child mortality rate below 5 years (in each 1000 live birth) was aimed to decrease to 38 from 54, which is fulfilled. The average life expectancy of Nepali people increased to 69 years from 68.8 and it was expected to increase to 71. The total fertility rate has become 2.3 as the objective was 2.4 from 2.6. The 13th plan had the objective of providing access to 96.3% of people to basic drinking water and sanitation to make access of all people in the mentioned areas by the year 2015 but it reached only 83.6% of people. 15% of the population was expected to receive access to higher and medium-level drinking water and the objective was met as the access reached 15.8%. 90.5% of people were expected to have access to minimum sanitation service but only 81% have access (Acharya, 2018). Ensuring the promulgation of the Constitution of Nepal in 2015, the time came for Nepal to address the people's aspirations for improving economic well-being and achieving prosperity through proper social policy. The 15th Five-Year Plan along with the long term vision has prioritized the development and the full utilization of the human capital potential for attaining the national aspiration of a ‘Prosperous Nepal and Happy Nepalese’.

The total number of beneficiaries of various schemes of social protection was only about 7.6 million in 2014, or 27.3 percent of the total population (Ministry of Labour and Employment, 2017). Based on the latest 2017-18 Labour Force Survey data, the percentage of households reporting access to at least one type of social security varies considerably across provinces, ranging from 4.5 percent in Sudurpashchim to 41 percent in Province 3. Similar disparities can be observed across the ecological belts, with only 5 percent of mountain households having access compared to 50 percent in the hills and 45 percent in the Terai (CBS, 2018).

The ever-rising medical costs in Nepal is already high, with households paying for 55% of medical expenses and only 31% of senior citizen allowance recipients from the poorest quintile receiving social assistance (World Bank and UK Aid, 2020). Social protection has become an increasingly prominent public policy tool in Nepal over the past two decades with a wide range of objectives, from increasing income and food security to overcoming social exclusion as per Kohler (2011). However, Inequality
and poverty do not change at the same pace, and they may even change in opposite directions. The pace of progress in reducing income inequality in Nepal has been slower than that of poverty reduction (UNDP, 2020). Nepal as a developing nation looks to be able to afford a minimal level of social assistance, but the low-income condition of Nepal with weak revenue generation capacities will unquestionably make it more challenging to do so. The federal, provincial and local levels of government should jointly recognize, address, and defend all fundamental economic and social rights, including the right to social security and a suitable standard of living.

**Practices of Policy Response to Social Protection in Nepal**

The social protection scheme in Nepal consists of employment programs, noncontributory social assistance, and contributory social insurance for those employed in the official sector. The non-contributory portion of the system, which is exclusively accessible to individuals without formal employment, is designed to benefit the most vulnerable sectors of the population. Although Nepal has made significant progress in enhancing social protection, many people, especially children and undocumented workers are still being left behind. Similarly to that, citizenship is necessary to qualify for social security. Nonetheless, a sizeable population, mostly in Terai, continues to lack citizenship. People have been unable to properly execute their claim to social security because of various obstacles.

A required social insurance scheme for private-sector employees, including daily workers, was established in 2017 by the Contribution-based Social Security Act and the Social Security Fund (SSF) was formed in 2011. Social protection provisions are also included in the Labour Act (2017) (The Labour Act, 2017) and Civil Service Act (2014), (Civil Service Act 2014) and the new Constitution of Nepal (2015) (Constitution of Nepal 2015) ensures that social protection is provided for the weak and disadvantaged. In fact, in Nepal, most of the cash transfer schemes have national coverage and are indeed universal for the group concerned (categorically universal). The exception up to now is the child grant, which is universal only in the Karnali zone and limited to children under 5 in low-income Dalit households in other districts of Nepal. Kohler (2016) states that a decisive and unifying step forward in the immediate future would be to expand the child grant and make it universal for all young children. Various cultural diversities prevalent in society help to increase access to resources through the policy of equality of gender, language, religion, and diverse people. People by rules and laws are ensured to receive the benefits equally. Due to various reasons, people of all levels of society are not able to get the opportunity equally. People failed
to receive equal status due to social discrimination, political discrimination, and cultural discrimination. They have not been able to compete for prolonged periods. For this, the procedure for participation in inclusive policy making from the process of positive discrimination through the law and other similar ways. An inclusive and proportional representation policy was adopted by the Interim Constitution, which was issued after the people's movement of 2006. This kind of policy is required to institutionalize inclusive development.

Politics prioritized federalism to increase people's access to means, resources, and politics. Likewise, the lack of participation of all people in bureaucracy, service, army, police, and the government was felt. Many political and social discourses were held. As a result, the interim constitution of Nepal in 2007 endorsed the inclusion. And the 13th Three-year Plan (2011) theoretically accepted the principle of inclusion, which had brought programs targeting poor, marginalized, endangered, and economically and culturally excluded groups and communities. Different social security programs were launched. Disabled people, women, Dalit, ethnic and Madhesi people were given an advantage. Such an attempt had tried a lot in making the state inclusive. The constitution has realized the equal access of all people in the state system and has applied the principle of inclusion. The Constitution of Nepal 2015 has accepted that Nepal is a multi-ethnic, multi-lingual, and multi-religious state. According to this spirit, the inclusive policy has been developed through the program of the Planning Commission of Nepal to reduce ethnic, language, gender, regional, and all types of discrimination. It also seems that the state is moving to implement the inclusive process, ensuring that the rights of all citizens are given the honour to live in the constitution by providing every kind of freedom to Nepali citizens. As a result, enthusiastic access to women and tribal people has been established in local elections. It provides provisions to encourage participation of women and Dalits in elections. Their engagement is increasing accordingly. This is not the result of little effort. There has not yet been enough access to education, health, employment, property, politics, etc. of class and community in the distribution. There was indeed an unequal distribution of opportunities to people in Nepal.

Nepal faces the challenge of extending social security benefits to all workers operating in the informal economy, which accounts for more than 90 per cent of the total labour force (Khanal, 2013). Social assistance programs are marred by various problems (Kohler, 2014). They are fragmented and scattered and do not create a comprehensive framework (Khanal, 2014). Eligibility is sometimes unclear. Some individuals are entitled to several social assistance transfers, but their collection is not coordinated. There are also coverage gaps some low-income or highly disadvantaged groups are not eligible for any program (Kohler, 2016).
According to the World Bank (2011), 86 percent of Dalit scholarships and 78 percent of girls' scholarships went to low-income groups. Overall, 17.5 percent of people benefited from social transfers, 7 percent from social insurance (including pension), and 35 percent from scholarships and social transfers together. An analysis (Hagen et al., 2015) of Dalit children in low-income households, and that it was used effectively for food, medical, and other household expenditures. Another study (Kohler (2014) has pointed only 2.3 million Nepali citizens receive any form of social protection which is less than 10 percent of our total population.

Similarly, 46% of people eligible for the senior citizen's allowance were not receiving it. 35% of eligible women were not receiving the single women's allowance (World Bank, 2014, cited in Palacios, 2016). However, according to Babajanjan (2013), cited in Sijapati (2017), 20% of the elderly do not receive the allowance. Similarly, only 20% of children under five were receiving the child grant in 2015 (CBS, 2011; MoFALD data, 2015, cited in Hagen-Zanker et al., 2015). 58% of red and blue cardholders do not receive the disability allowance (Holmes et al., 2018). It shows that the impact of social protection programs is mixed. The nature of social policy, government efficiency, and coordination between stakeholders are significant to the best output of such types of social protection programs in Nepal.

The 2015 Constitution provides citizens with various social and economic rights like the right to social protection. While some subsequent laws have aimed to realize these constitutional provisions, inconsistencies exist between the constitution, other laws, regulations, and social protection programs in place. The federal government's social protection schemes fail to adequately include the poor, despite provisions in the Constitution and the Social Protection Act 2018. All tiers of government must offer social protection services, including social allowances, to citizens identified as poor, as per the constitutional mandate. The federal government's current social insurance scheme excludes over 90 percent of workers, i.e., those in the informal sector, who often work in the most precarious conditions (Khanal, D. R. (2013). These workers are disproportionately women and from marginalized ethnic groups. The government should tailor the design of social insurance schemes to the diverse circumstances and needs of all citizens, as per the 2019 findings of the Niti Foundation. Mechanisms should be established at the local level to monitor the delivery of social services and to hold local governments accountable to rights holders. The Social Protection Act should be amended to adhere to the Constitution, and the government should implement children's social protection programs according to the law. Evidence-based policymaking processes help policymakers choose the right policy for a given situation. Making an effective plan or policy is a prerequisite for that. Society needs effective health policy,
education policy, children policy, old age policy, women policy, and minority policies. When social welfare policies are in the process of effective implementation, the state keeps on providing different opportunities to target people. This is better hope for the future that the constitution of Nepal has accepted many people's rights as state responsibilities. The constitution of Nepal has guaranteed the rights for a dignified living of all categories of people. Special social security arrangement is made in different areas of social security such as old, disabled, women, marginalized, Dalit, etc. Also, workers under the government are given special attention and are given pensions after their retirement under Social Security Act. But, people working in the informal sector and self-employment are not covered by social security provisions. Again, a question emerges on whether people have realized social justice in reality, whether people of over-marginalized communities have access to the reservation and inclusive state system. Similarly, Government policy must consider the fact that the majority of employees in Nepal are employed in informal jobs, which are viewed as being vulnerable to disruption due to the Covid-19 problem. The most practical course of action to offer immediate support to the displaced workers as a result of the pandemic is social assistance programs that may help to reduce poverty entirely.

The major goal of social protection is to ensure that everyone has access to opportunities, a fair standard of living, good health, and happiness, all of which are guaranteed by Nepal's existing constitution. Yet, the reality in Nepal is entirely different. There is a sizable gap between the country's commitment and the actual day-to-day reality when it comes to those members of Nepali society who are marginalized and are classified as belonging to so-called "lower castes," minorities, indigenous groups, women, people with disabilities, and those who live in remote areas. A sizeable portion of people is unable to achieve the objective of social protection carried out by the government of Nepal due to the factors of illiteracy, severe poverty, lack of citizenship, lack of sufficient information, and unaccountable and fragmented governmental agencies.

**Conclusion**

Social protection is a substitute term for social security. It can contribute to reducing households' vulnerability, improving livelihood, and achieving inclusive development. It has multiple agendas from human rights to the promotion of economic growth, to economic, social, and gender equality. The government of Nepal has launched a large number of social protection schemes. Nepal's Social Protection framework aims at reducing multidimensional deprivations and securing
socio-economic well-being. Social protection is a basic human requirement in each democratic nation or community as a form of human rights for all people. A society in which everybody has a right to enhance their access to basic human security. Haphazard program design, inadequate agency capacity, improper financial management, and unequal program implementation all contribute to the issue. The question arises: Are the social protection programs truly transformative, have comprehensive coverage, and are sustainable? So, we need to emphasize that social protection is a form of a wider approach to reducing poverty and exclusion. Increasing coverage of social insurance for all people is required in Nepal. Whatever plans are made in the name of social security can be taken as positive. But the government must be responsible for implementing these plans through unitary mechanisms efficiently, coordinating transparently and responsibly. Nepal's social security initiatives have benefited Dalits, vulnerable communities, schoolgirls, children, and residents of rural areas. However, an obstacle to sustainability is that its costs are anticipated to continue to rise significantly faster than GDP. The availability of sustainable resources must be maintained for social development policies and programs to be sustainable in an integrated way of national development. Politicizing social security programs won't result in a long-term solution without a proper plan and resources. With proper information to the public, an integrated effort between government agencies, and a development program that is specifically targeted at the community's most marginalized people are significant to the success of social protection programs. Similarly need be developed a strategic plan to provide social justice to those who are most in need of it and aim to reduce poverty in the long run to meet national development goals.

References


