

FEASIBILITY ANALYSIS OF BASIC INCOME FOR WOMEN IN NEPAL

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Introduction

After decades of political upheavals and civil war coming to an end in 2006, Nepal has undergone complex structural transformations bringing a new Constitution and federal structure in 2015. The country is in the process of reinventing itself, and is laudably aiming for equitable growth and democratic governance. In 2021, the United Nations recommended the graduation of Nepal from the Least Developed Country (LDC) category after a five-year preparatory period. Despite its political flux, Nepal has recorded steady economic growth and poverty reduction since the 1980s – its economic growth averaged 4.9 per cent over the period 2009-2019, while the incidence of multidimensional poverty fell from 30.1 per cent to 17.4 per cent during the same period.

The country's socioeconomic progress has however been adversely hampered by the COVID-19 pandemic, an event that has affected the lives and livelihoods of millions of people around the world, particularly those engaged in the informal sector. Nepal is among the hardest hit countries economically due to the pandemic, owing to its low-income status and combination of high dependency on imports of food and other essential commodities with high dependency on the export of labour and remittances. The country has experienced increased unemployment, widespread job losses and increasing poverty and inequality especially among its marginalized populace. Beyond derailing the country's economic growth and its efforts to alleviate poverty, the pandemic has compounded other vulnerabilities as evidenced in the high rates of suicide, higher rates of civic unrest and increased gender-based risks like domestic violence.

In response to the pandemic, social protection measures have dramatically expanded around the world to address the adverse socioeconomic and health impacts. Considering Nepal's socioeconomic context even prior to the pandemic, the World Bank's Country Partnership Framework for the five year period 2019-23 emphasises "inclusion for the poor, vulnerable and marginalized groups and resilience against climate change, natural disasters and other exogenous shocks" as key areas of engagement. After the pandemic, the Government of Nepal, like the rest of the world, made significant efforts to supplement its SP programmes to support vulnerable populations, many of which addressed gaps in the system. As countries make substantial investments to build up their social protection systems in light of the pandemic and weaknesses it exposed in social protection globally, the time is ripe to invest in innovative solutions to prevent poverty and protect vulnerable populations. In times like this, a Basic Income (BI) model holds promise as one

opportunity to broaden income security for vulnerable groups, particularly in the face of economic and environmental shocks.

It is against this background that the UN Resident Coordinator's Office in Nepal in collaboration with ILO, UNDP, and UN Women entered an agreement with the Initiative for What Works to Advance Women and Girls in the Economy (IWWAGE) upon consultation with World Bank to execute a study to assess the feasibility of a gender-responsive Basic Income as a policy response to address the gender-based inequalities in Nepal and provide support to the socio-economic response measures to COVID-19. The primary scope of work has involved drawing on international basic income literature, particularly on programmes in South Asia or elsewhere that closely replicate the socio-economic conditions of Nepal. It has involved a constructively critical assessment of Nepal's social protection policies and programmes, linked to the need to establish the rationale for a gender-responsive BI in Nepal and its political feasibility. As such, it has developed recommendations for a potential basic income pilot, including its scope, design and implementation architecture and examine the financial feasibility of such a BI pilot in Nepal.

Defining Basic Income

This report is guided by consideration of a basic income for Nepal, and in particular by the prospect of the conduct of a pilot basic income scheme, along lines to be considered in this report. It considers the desirability and feasibility of a basic income in Nepal, focusing on how it would fit with existing welfare schemes and the specific needs of women in particular, bearing in mind that women's economic and social status and conditions should have much enhanced priority in the next phase of national development

Accordingly, the definitional scope of our study considers basic income as cash paid to every woman, man and child individually, unconditionally, and regularly in any given political community. It is not only paid to individuals but it is paid in equal amounts to each individual regardless of gender, marital status, age or work status, with a smaller amount paid to children, paid to the mother or a surrogate mother. This is a modest amount paid regularly and not a one-off capital grant. There is no particular level that is regarded as ideal but the amount that is paid should make a substantive difference to the material standard of living of the recipient. A full basic income system would aim to give a supplement to those with extra living costs. It is not necessarily a complete substitute for other anti-poverty measures. In principle, it is

universalistic, but not necessarily universal in the sense that new migrants into the country would not be automatically eligible for it as soon as they enter the country and citizens who are living and working abroad would not be entitled to it.

This definition builds on the [Basic Income Earth Network's](#) definition and further draws on the extensive body of work in BI of Professor Guy Standing and Dr Sarath Davala, the two Senior International Experts who have provided the technical advice for this study. There are different ways of delivering it which will be considered later in the report.

Global Evidence from Basic Income Pilots

Basic income pilots that were reviewed include targeted and conditional cash transfers as well as unconditional and universal cash transfers. Broadly, the review underscores the implications both of targeting and conditionality. Typically, targeting is seen as a way of directing public resources carefully to where it is most needed. However, it is not without problems. Firstly, the narrower the targeting, the greater the chance of missing the so-called target. In order to identify a narrow and complex targeted segment, the most vulnerable segment and therefore, most deserving of support must be clearly defined and identified. Secondly, it is usually the bureaucrats who are in a position to make these decisions and there is also a complex administrative process, first to decide who deserves and could be enrolled, and then to use their discretion to include and exclude the recipients/ beneficiaries. This is a procedure that lends itself very easily to corruption and to well-known inclusion and exclusion errors. Thirdly, the simple logistics of delivery itself could cause both inclusion and exclusion errors. So, in essence, at all three stages – Design, Discretion and Delivery, the best of the schemes could miss the target.

As for conditionalities, governments are motivated to introduce them for at least two reasons. Firstly, it is predicated on the belief that if anyone gets anything free, they will misuse it is very strong in all societies. Therefore, to receive cash, people should do something in return. Secondly, conditionality allows the power of withdrawal in case there is any evidence that it is not used for the purpose for which the cash is being given. But evidence suggests that both these considerations are arbitrary and have little to do with the desire to get people out of poverty and income insecurity. Conditionalities are invariably paternalistic

and presume that people do not wish to improve their income and living standards, an unacceptable presumption. Furthermore, it presumes that bureaucrats know better what people should do than the recipients themselves.

Both conditionalities and targeting by proxy means-testing are accompanied by the risk of corruption, since the decision-making about who is included and who is excluded is left to the discretion of the administrators. This becomes the root cause of both the inclusion and exclusion errors. The experience of every targeted program is replete with both these errors.

This evidence suggests that the universalistic and unconditional approach has the fundamental merit of doing away with both inclusion and exclusion errors at all three stages of design, discretion and delivery. As evidenced in the pilots that were reviewed, a universalistic basic income paid to all usual residents of a community strengthens community cohesion and solidarity and has multiplier effects on the local economy.

Evidence from Nepal's Social Protection System

Both pre- and post-pandemic literature suggests that even though Nepal's investments in social protection have yielded some notable outcomes in terms of poverty reduction and human development but gaps and challenges remain, especially in meeting the needs of the excluded portions of the society, including vulnerable women. Various social protection schemes and programmes have been launched by successive governments over time, with programmes operating in separate ministries with separate budgets and implementation structures, and no unified SP framework with holistic definitions, goals, and policies. Most social protection programmes, therefore, fail to tackle underlying structural issues. The current system remains fractured, with important implications for women and girls.

How are vulnerabilities assessed and conceptualised in Nepal's social protection programmes?

On the whole, we see that close to 40 per cent of social spending is allocated to retired formal sector employees. The remaining 60 per cent of budget allocations on social spending are scattered into a number of programs, not specifically addressing the needs of a large portion of women living in poverty and falling victim to different types of abuse.

Vulnerability is conceptualised in a very conventional and ad hoc manner. In deciding vulnerability there are competing and intersecting considerations such as social backwardness (caste and ethnic minorities), old age and young age, geographically underdeveloped regions, and so on. To calibrate the provision of social assistance based on these competing considerations exacerbates the existing inequalities and causes resentment amongst the ignored segments of society. Given the widespread poverty and deprivation in the Nepalese society, such a targeting mechanism would be seen as arbitrary and unfair by those vulnerable populations including women who are excluded from existing schemes. Altogether, the population covered under social protection does not exceed 9-10 per cent of the population. This can be overcome only by a universalistic approach.

Further and more importantly, the Social Protection approach does not consider the real vulnerabilities that are endemic to the Nepalese labour market. An important characteristic of the Nepalese labour force is that it puts women in a very disadvantageous position. Given the scarcity of well-paying jobs within Nepal, nearly three million workers migrate to other countries. Most of these workers are men. Women stay behind in the villages with the elderly and children. Secondly, jobs generated in the urban areas in the domestic labour market are predominantly taken by men. This pushes women to either unpaid family labour on the farms or to self-employment. This clearly points to the fact that it is women who experience extreme income insecurity and vulnerability. Further, they are forced to be dependents on the earnings of the men in their families.

These structural features are not considered while assessing vulnerability in the society. In conclusion, we can say that in Nepal, the government's social protection approach does not reach a large section of the economically vulnerable population. It barely reaches an arbitrarily selected small portion (less than 10 per cent) of the economically vulnerable population. If we consider delivery issues such as inclusion and exclusion errors in implementation, the coverage will perhaps come down even further. To improve the situation, one has to address both the design as well as delivery issues.

The gaps present in Nepal's social protection system are not unique but reflect broader challenges faced by low- and middle-income countries in providing basic rights and entitlements to all citizens. In the light of

severe social and economic impacts caused by the COVID-19 pandemic, Basic Income (BI) guarantees hold promise in broadening income protections for vulnerable groups, particularly in the face of economic and environmental shocks. An inclusive BI model can help to address the disproportionate gendered impacts of the pandemic, including the increased burden of unpaid care and domestic work on women, as well as the greater insecurity of employment for many women working in the informal sector or as unpaid helpers in household enterprises.

Key recommendations


- Based on the analysis presented in this report, there is an urgent need for policy makers and other development stakeholders to look at the current social protection system from the *lens of inclusions and exclusions* and consider *income vulnerability* of different sections of the population as an important criterion for support and social security.
- One of the innovative ways of addressing the current gaps is to consider a basic income as forming an important part of the social protection mix, not as an alternative to any particular scheme but as a potential anchor.
- This proposal raises many questions, particularly around how the introduction of a basic income would interact with existing programs. Equally important questions would revolve around the likely impact of a basic income on the income vulnerabilities of the population.
- The answers to these questions are context specific. It is recommended that there should be a basic income pilot in Nepal, which would provide context-specific evidence of what a basic income could or could not achieve.
- The discussion about the much-needed innovation in social protection would be meaningful only if there were evidence about what a basic income could achieve. If the basic income showed strong positive results, existing schemes could be modified, and *an innovative mix of instruments/* schemes could be designed for optimum effect for the entire population. We want to reiterate that the project team does not visualise a replacement of all schemes by a basic income. A context-specific discourse is needed, and innovation should happen in the light of evidence rather than be based on ill-informed opinions or ideologies. The objective is to refine the system so that *nobody is left behind* in receiving support.

- A basic income ought to be seen as an investment in people, not just as an alternative to the current social protection system. A basic income is like drip irrigation that feeds every individual, and thereby every household, and empowers people. All the pilots in the past have shown that this model generates bottom-up emancipation and empowerment, and therefore what we understand as development.
- On the question of developing a gender-responsive basic income, it is believed that the cause of women would be best served, not by targeting them but by giving a basic income universally to everyone and making them a part of a universal entitlement and treating them as equal citizens. Pilots in various countries have shown that this is the case. The pilots in Delhi and Madhya Pradesh in India, largely funded by UNICEF and UNDP, showed that both men and women supported that. It can be backed by involvement of women's civil society organisations, as was the case in Madhya Pradesh, through SEWA, the Self-Employed Women's Association, a trade union body. Such initiatives can always benefit from the backing of the World Bank and other international organisations. Collaboration will always be the optimum way forward.
- In the context of Nepal, the existing Social Protection Taskforce Team which comprises of several international development agencies is an ideal forum to open conversation about the glaring exclusion of a large section of the population from any kind of social protection. With that as the starting point, the conversation should result in an innovative pathway that can make the social protection coverage to the entire population.
- The UNDP and UN-Women have a specific mandate to evolve gender-responsive income security policies so that ***no one is left behind. We strongly recommend that these two agencies initiate a pilot study at the earliest.*** A pilot study serves two essential functions. One, it provides us with scientific evidence which is necessary to take any public discussion about basic income seriously. A second and equally important function is that a pilot study right from its inception generates a public debate and a conversation. This is where the civil society organisations, the political parties, and the academia get engaged in the discussion about income insecurity and vulnerability and what could be the potential ways of remedying the current situation. In effect, a pilot study engages all sections of the society in forging new and innovative policy measures that benefit the entire population of the nation. It is indeed a good democratic practice to allow a policy to emerge out of a public conversation that is based on scientific evidence. The existing evidence on basic income from other country contexts is useful, but it is the evidence from Nepal's own context that generates most relevant and valuable inputs for national policy making.



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List of Abbreviations

ARV	Antiretroviral Drug Optimization
AIBF	Avaliação de Impacto do Bolsa Família
BI	Basic Income
BISP	Basic Income Support Programme
CCT	Conditional Cash Transfer
DfSD	Desk for Social Development
GDP	Gross Domestic Product
ILO	International Labour Organisation
LaRRI	Labour Resource and Research Institute
LDCs	Least Developed Countries
MPUCT	Madhya Pradesh Unconditional Cash Transfers Project
MNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MDGs	Millennium Development Goals
NLFS	Nepal Labour Force Survey
NGO	Non-government Organisation
NPC	National Planning Commission
ODA	Official Development Assistance
PDS	Public Distribution System
SEWA	Self-employed Women's Association
SSA	Social Security Allowance
PKR	Pakistani Rupee
PMEP	Prime Minister Employment Programme
SPTT	Social Protection Task Team
RCT	Randomised Control Trial
UCT	Unconditional Cash Transfer
UN	United Nations
UNDP	United Nations Development Program
USD	United States Dollar

1. BACKGROUND TO THE PROJECT



1.1 Local Context and Challenge

In 1971, Nepal was on the first United Nations list of Least Developed Countries (LDCs). It has experienced major political upheavals and years of civil war in the decades since then, and all that ended in 2006. Since then, the country has undergone complex structural transformations, bringing a new Constitution and federal structure in 2015. In effect, Nepal is in the process of reinventing itself, and is laudably aiming for equitable growth and democratic governance. In 2021, the United Nations (UN) recommended the graduation of Nepal from LDCs after a 5-year preparatory period.¹

Despite the political flux that Nepal experienced, it has recorded steady economic growth and poverty reduction since the 1980s – its economic growth averaged 4.9 per cent over the period 2009-2019, while the incidence of multidimensional poverty fell from 30.1 per cent to 17.4 per cent during the period 2014-2019.² However, social, economic and regional disparities persist – 28 per cent of the rural population exhibits multidimensional poverty compared to 12.3 per cent in urban areas; substantial geographical disparities exist as well, with the provinces of Karnali and Sudurpashchim among the poorest. Further, high levels of income inequality in Nepal is evident in its household consumption patterns, which indicate that the richest decile consumes 5.9 times more than the poorest decile. According to Nepal's Demographic and Health Survey, disparities in welfare or poverty outcomes are also evidenced based on caste and ethnic identities.³

Socio-economic development in Nepal has been primarily driven by external resources, namely, Official Development Assistance (ODA) which reached its peak of 36 per cent of total government expenditure in 2015, came down to 18 per cent in 2019, followed by a rapid increase to 26 per cent in the COVID year 2020.⁴ Remittances from Nepalese workers working abroad comprised 24.1 per cent of the country's GDP in 2020.⁵ While the ODA has increased Nepal's dependence on foreign resources for internal development, evidence suggests that this has not necessarily resulted in meaningful

and equitable development owing to the country's challenges in governance and the impact of the civil war. Similarly, while international remittances have benefited households in Nepal, they also suggest deeper structural challenges underlying Nepal's economic performance. Remittances hinge on the strength of host economies which can be fragile at times and cannot be taken for granted. Therefore, Nepal's heavy dependence on this source can add to its economic vulnerability.

Since the establishment of the new Constitution in 2015, Nepal has made notable policy commitments to promote inclusive and equitable social and economic development. The Government of Nepal has laid out extensive initiatives to ensure access to basic services and protection for women, orphans, persons with disabilities, and other vulnerable populations. Moreover, there is a constitutional commitment to guarantee basic services to the most underprivileged group, namely Dalits. These initiatives include an array of social assistance (cash transfer), social insurance, and labour market and employment schemes. Most of the existing social protection programs (particularly pensions and cash transfers for vulnerable groups) are selective (i.e., set for specific groups, based on designated vulnerability status) and targeted based on social exclusion and vulnerability status, i.e. intended only for those deemed to have income below a poverty threshold.

Only public works programmes are poverty targeted. The main focus of Nepal's other programs has been on addressing lifecycle vulnerabilities with the largest schemes in terms of coverage defining eligibility largely in terms of demographic criteria (senior citizens, widows/single women, and the child grant). Nepal has no unified social protection framework with holistic definitions, goals, and policies. Most social protection programmes fail to tackle underlying structural issues. These gaps and challenges are discussed further in section 3.

While Nepal prepares to transition out of its LDC status by 2026, its socioeconomic progress has been adversely hampered by the COVID-19 pandemic, an event that has severely affected the lives and livelihoods of millions of people around the world, particularly those engaged in the informal

¹ UN 2021. Resolution adopted by the General Assembly on 24 November 2021 A/RES/76/8. Retrieved from: <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N21/355/26/PDF/N2135526.pdf?OpenElement> on August 9, 2022

² National Planning Commission, 'Nepal Multidimensional Poverty Index: Analysis Towards Action', Government of Nepal, 2021

³ 'Caste, Ethnic and Regional Identity in Nepal', *Further Analysis of the 2006 Nepal Demographic and Health Survey*. <https://dhsprogram.com/pubs/pdf/FA58/FA58.pdf>

⁴ Net ODA received (*Percentage of Central Government Expense*)-Nepal <https://data.worldbank.org/indicator/DT.ODA.ODAT.XP.ZS?locations=NP>

⁵ Nepal Remittance Flow to GDP <https://tradingeconomics.com/nepal/remittance-inflows-to-gdp-percent-wb-data.html>

sector. Nepal is among the countries worst affected economically due to the pandemic, owing to its low-income status and combination of high dependency on imports of food and other essential commodities with high dependency on the export of labour and remittances. Sectors including tourism, transport, manufacturing, education, agriculture, construction and trade have also been impacted to varying degrees, shrinking the economy and private sector investments. These developments have led to increased unemployment, widespread job losses and increasing poverty and inequality, especially among marginalized sections.⁶

The economy contracted by 2.1 per cent in the fiscal year 2019/20.⁷ In a panel survey conducted by UNICEF, about 61 per cent of the respondents reported job or livelihood losses in July 2020. However, these figures improved by January 2021, when only 19 per cent of total respondents reported job or livelihood losses.⁸ According to the Nepal Labour Force Survey 2017-18, 62 per cent or 4.4 million people in Nepal's labour force work in the informal sector and 59 per cent of enterprise labourers are engaged in micro-enterprises with low or non-existent social insurance coverage.⁹ ILO estimates job losses in Nepal to the tune of 1.6 to 2 million due to the COVID-19 pandemic, with workers employed in informal sectors being hardest hit and bearing the highest economic burden.¹⁰ This multi-faceted vulnerability could mean that Nepal faces a "double or triple burden" from the economic impact of COVID-19.¹¹

The pandemic has adversely affected the country's economic growth and its efforts to alleviate poverty, and compounded other vulnerabilities. For instance, data on suicides suggests that there has been a spike in suicide cases during the COVID-19 induced lockdowns. Official estimates suggest that there were 7,141 reported deaths due to suicide in the fiscal year 2020-21, as compared to 6,252 cases in the previous fiscal year.^{12,13}

Unemployment and lack of support from the community, among others, have reportedly contributed to the rise in suicides during the pandemic.¹⁴ A similar trend was observed after the 2015 earthquake in Nepal.¹⁵ The increase in suicide is correlated with economic hardships. What the suicide rate indicates is a population living in acute stress, and it is this which should guide social policymakers at this time. The pandemic has also exacerbated gender-based vulnerabilities, including placing women and girls at a higher risk of various forms of domestic violence, with limited redressal mechanisms. The pandemic also amplified the gaps in Nepal's healthcare system which has threatened to exacerbate existing inequalities and increase civil unrest.

After the onset of the global COVID-19 pandemic, social protection measures have dramatically expanded around the world to address the adverse social, health, and economic impacts. According to the World Bank, many of the cash transfers and social assistance programmes launched in 2020 were new programmes, while pre-existing social protection measures were horizontally expanded to meet the needs of vulnerable citizens. It is worth noting that given Nepal's socioeconomic context even prior to the pandemic, the World Bank's Country Partnership Framework for the five-year period 2019-23 emphasises "inclusion for the poor, vulnerable and marginalized groups and resilience against climate change, natural disasters and other exogenous shocks" as key areas of engagement. After the pandemic, the Government of Nepal, like the rest of the world, made significant efforts to supplement its social protection programmes to support vulnerable populations, many of which addressed gaps in the system. Such adaptations included expanding geographic coverage of certain region-specific programmes (Child Grant) and providing support to informal labourers (food assistance, public work guarantees, rent waivers).¹⁶ In its

⁶ K. Poudel and P. Subedi, 'Impact of COVID-19 pandemic on socioeconomic and mental health aspects in Nepal.' *International Journal of Social Psychiatry*, 66(8), 2020, pp. 748-755.

⁷ Government of Nepal, 'Economic Survey 2020/21,' Ministry of Finance, Kathmandu, 2020

⁸ UNICEF, 2021, 'Equity Focused Assessment of Secondary Effects of COVID-19 on Families and Children in Nepal: An Endline report', website: https://www.unicef.org/nepal/media/15281/file/Assessing_Secondary_Effects_of_COVID_on_Families_and_Children_In_Nepal_-_CFT_Endline_Report.pdf

⁹ Nepal Labor Force Survey 2018-2019

¹⁰ The World Bank, 'Global economic prospects: South Asia'. 2021. Retrieved from <https://pubdocs.worldbank.org/en/171081599838759959/Global-Economic-Prospects-January-2021-Regional-Overview-SAR.pdf>

¹¹ WFP Nepal, 2020. "Nepal COVID-19 Economic Vulnerability Index". Retrieved from: https://un.org.np/sites/default/files/doc_internal/2020-09/Nepal%20COVID-19%20economic%20vulnerability%20index.pdf on August 9, 2022

¹² N. Rai, 'Covid-19 has killed thousands in Nepal, but a lot more are killing themselves during the pandemic.' June 8, 2021, website: <https://english.onlinekhabar.com/covid-19-pandemic-suicide-nepal.html>

¹³ Awale, "Nepal sees spike in suicides during pandemic". August 7, 2021, website: <https://www.nepalitimes.com/banner/nepal-sees-spike-in-suicides-during-pandemic/>

¹⁴ S.R. Acharya, Y.C. Shin and D.H. Moon, 'COVID-19 outbreak and suicides in Nepal: Urgency of immediate action.' *International journal of social psychiatry*, 67(5), 2021, pp 606-608.

¹⁵ S. Cousins, 'Nepal's silent epidemic of suicide.' *Lancet* (London, England).387(10013), 2016, pp.16-17, and M. Gautam., ' "Significant rise in suicide after earthquake" published on September 12, 2015, website <https://kathmandupost.com/miscellaneous/2015/09/12/significant-rise-in-suicide-after-earthquake>

¹⁶ World Bank Group, 'Nepal Development Update, April 2021: Harnessing Export Potential for a Green, Inclusive, and Resilient Recovery', *World Bank*, 2021, Washington DC.

2021-22 budget, the Government of Nepal also introduced a one-time grant of 10,000 rupees per household, for 0.5 million extremely poor households in the informal and unorganized sector that were affected by job and income losses due to COVID-19.¹⁷

However, there are persistent gaps in policy coverage. For instance, unemployment insurance, compensation for lost wages, and social security contributions primarily cover formal sector workers.¹⁸ Additionally, as in other countries, marginalised communities face significant hurdles in accessing benefits and government relief efforts.

1.2 Overview of Gender Challenges in Nepal

The challenges faced by women in Nepal are myriad, including low uptake of education and healthcare services, high incidence rates of gender-based violence, and a significant burden of unpaid agricultural and domestic care work. This is fuelled by a societal setup that is rooted in patriarchal norms and traditionally limits the role of women to caregivers with little to no bargaining power. Overall, Nepal ranks 106 out of 156 countries on the Global Gender Gap Report 2021 published by the World Economic Forum, indicating a need to focus on and proactively address gender equality across various spheres.

Although Nepal has nearly achieved universal enrolment in primary education for both boys and girls, dropout rates remain high for girls attaining secondary education. While 82.9 per cent of women have completed primary education, only 30.7 per cent go on to complete secondary education.¹⁹ Cultural and social norms such as the prevalence of early marriage override provisions that ensure universal access to education.²⁰ Significant gender differentials exist in human capital investments by parents, a bias which is reflected in the higher representation of boys in private schools as opposed to those run by the government (a difference of nearly 7 percentage points). On disaggregating what drives this difference in expenditure on private

education, an Oaxaca-Blinder decomposition finds that nearly 60 per cent of the difference in expenditures is unexplained, and could be attributed to discriminatory attitudes which value boys' education over girls.²¹

In health, while maternal mortality has fallen from 539 to 250 per 100,000 live births (World Bank Data, 2019) alongside an increase in the uptake of ante-natal services and institutionalised births, these gains have not accrued equally to all women. Disparities remain according to women's socioeconomic status and education levels.²² Women in rural areas and those in hard-to-access geographic terrains are less likely to receive maternal health services.²³ In addition to low levels of awareness among women, inferior quality of community posts and lack of adequate transportation systems are challenges that remain to be adequately addressed. These are further aggravated by socio-cultural barriers to women that not only limit their ability to access health services but also threaten their well-being.

Labour force participation rates of women in Nepal are much higher than in other South Asian countries. According to World Bank's Gender Data Portal, the female labour force participation rate in Nepal was 78.7 per cent in 2021, as compared to 80.8 per cent for men. Despite the high levels of labour force participation, socio-economic disparities persist. According to data from the 2017-18 NLFS, there are disparities in mean monthly earnings, with men earning Rs. 5,834 more in a given month. The Gender Data Portal also notes that in 2017, the proportion of women holding an account at a financial institution in Nepal was only 41.6 per cent, compared to 50 per cent among men, and much lower in comparison to other South Asian countries. Due to the high levels of outward migration of men from the country, a large majority of women undertake agricultural activities, duties which are largely unpaid. Additionally, the high participation of women in agriculture does not translate into landholdings or control over productive assets and income streams. For women engaged outside of agriculture, such as in manufacturing, low wages coupled

¹⁷ Government of Nepal, 2021. "Speech Made by Honourable Finance Minister Mr. Janardan Sharma 'Prabhakar' to the Federal Parliament regarding the Bill for Replacing the Financial Ordinances. (FY fiscal Year 2021-/22)". Ministry of Finance, Nepal, 2021, Nepal

¹⁸ World Bank Group, 'Nepal Development Update, April 2021: Harnessing Export Potential for a Green, Inclusive, and Resilient Recovery', World Bank, 2021, Washington DC.

¹⁹ World Bank, 'Nepal Gender Brief (English)'. World Bank, Washington, DC, (2020) and 'Exploring Universal Basic Income: A Guide to Navigating Concepts, Evidence, and Practices.' World Bank, 2019, Washington DC.

²⁰ S. Dhakal, G. N. Chapman and P.P. Simkhada, 'Utilisation of postnatal care among rural women in Nepal.' *BMC Pregnancy Childbirth* 7, 2007, p.19, <https://doi.org/10.1186/1471-2393-7-19>

²¹ S. Khanal, 'Gender, 'Discrimination in Education Expenditure in Nepal: Evidence from Living Standards Surveys.' Asian Development Review, MIT Press, 2018

²² S. Mehata, Y. R. Paudel, M. Dariang, K. K. Aryal, B. K. Lal, M. N. Khanal, and D. Thomas. "Trends and Inequalities in Use of Maternal Health Care Services in Nepal: Strategy in the Search for Improvements." *Biomed Res Int.* 2017;; 2017: 5079234. <https://doi.org/10.1155/2017/5079234>

²³ Footnote missing

with long working hours serve as challenges, as does the unsafe working environment characterized by poor working conditions and cases of sexual harassment at workplace.

Nepal has a high incidence of gender-based violence, with women being the main victims. In 2017, 149 people were killed as a result of gender-based violence, 140 of whom were females. The instances of domestic violence and intimate partner violence are high and impact young women disproportionately. According to a study, 35 per cent women in Nepal experience gender-based violence at home, most of which is unreported and unrecorded in formal institutions.²⁴ This figure rises to more than 50 per cent in rural areas, where most women report having experienced some form of violence, sexual or physical, in their lifetime.²⁵

The onset of the COVID-19 pandemic and the subsequent nationwide lockdown further intensified the inequalities faced by women. The accessibility and the delivery of several health care services, especially those targeting women such as maternity care, reproductive health services, preventive interventions, and nutritional advice, have been severely impacted.²⁶ The pandemic-induced social isolation and restriction of movement have compounded existing challenges in Nepalese society and have placed women and girls at a higher risk of various forms of domestic violence. The re-channelization of medical-resources as well as the constant scrutiny from their perpetrators only adds to the precarity of the situation, leaving women with diminished redressal mechanisms.²⁷ The closure of schools as a result of the lockdown has additionally increased the risk of girls witnessing violence at home and facing exploitation and abuse. It has also put them at risk for child marriage in the wake of mounting financial losses and uncertainty as households get pushed into poverty traps.

According to the UN's COVID-19 Global Gender Response Tracker, less than 10 per cent of social protection programmes launched by countries during the pandemic addressed key issues of women's economic security such as their unpaid care work and increased domestic responsibilities.²⁸ In order to fully recover from the pandemic and tackle the

pre-existing and since exacerbated gender barriers in Nepal, there is a need for gender-responsive policy measures.

As countries around the world increasingly invest in building robust social protection infrastructure in light of the pandemic, the time is ripe to invest in innovative solutions to prevent poverty and protect vulnerable populations.

1.3 Report Objectives and Approach

With this background, the UN Resident Coordinator's Office in Nepal in collaboration with ILO, UNDP, and UN Women, in consultation with the World Bank, commissioned the Initiative for What Works to Advance Women and Girls in the Economy (IWWAGE) – an initiative of LEAD at Krea University (IFMR), to conduct a feasibility assessment for a gender-responsive Basic Income (BI) programme as a policy response to address gender-based inequalities in Nepal and provide support to the socio-economic response measures to Covid-19. The scope of the feasibility study included an assessment of the gender-related gaps and barriers in Nepal's existing social protection architecture and potential applications for a basic income programme in the Nepalese context.

Objectives:

- Review existing social protection policies and schemes, as well as key cash transfer programmes provided to women in Nepal.
- Identify gender-pertinent gaps in social protection systems and cash transfer programmes in Nepal.
- Analyse the benefits and challenges (political, economic, fiscal, and administrative) of implementing a gender-responsive basic income programme for women in Nepal.

In line with these objectives, the primary scope of work involved a review of international literature on basic income, particularly on programmes in South Asia or elsewhere that closely reflect the socio-economic conditions of Nepal.

²⁴ S. Mehata, Y. R. Paudel, M. Dariang, K. K. Aryal, B. K. Lal, M. N. Khanal, and D. Thomas. "Trends and Inequalities in Use of Maternal Health Care Services in Nepal: Strategy in the Search for Improvements." *Biomed Res Int.* 2017; 2017: 5079234. <https://doi.org/10.1155/2017/5079234>

²⁵ P. Lamichhane, M. Puri, and J. Tamang, 'Women's Status and Violence against Young Married Women in Rural Nepal.' *BMC Women's Health* 11, 2011, p.19, <https://doi.org/10.1186/1472-6874-11-19>

²⁶ K. Poudel, and P. Subedi, 'Impact of COVID-19 pandemic on socioeconomic and mental health aspects in Nepal,' *International Journal of Social Psychiatry*, 66(8), 2020, pp.748-755

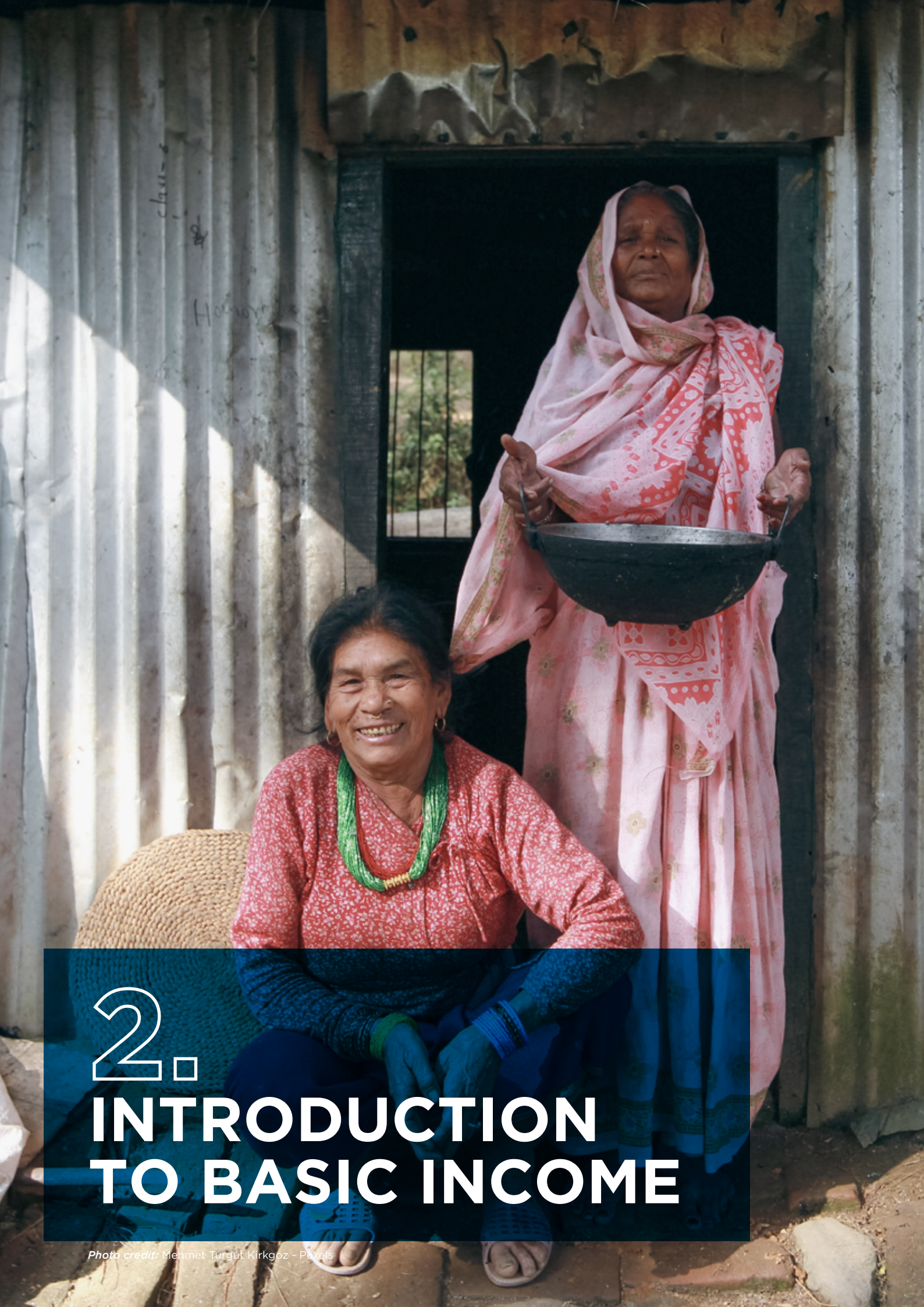
²⁷ M. Dahal, P. Khanal, and S. Maharjan, 'Mitigating violence against women and young girls during COVID-19 induced lockdown in Nepal: A wake-up call.' *Global Health* 16, 2020, pp 84, <https://doi.org/10.1186/s12992-020-00616-w>

²⁸ Covid-19 Global Gender Response Tracker: <https://data.undp.org/gendertacker/>

A holistic assessment of Nepal's social protection policies and programmes was undertaken, linked to the need to establish the rationale for a gender-responsive basic income programme in Nepal and its political feasibility. The report includes recommendations for a potential basic income pilot, including its scope, design and implementation architecture and examines the financial feasibility of implementing such a pilot in Nepal. The sections below describe the scope of the study, the recommended methodology, and the data collection and analysis plan.



Photo credit: Joshua Watson - Unsplash



2.

INTRODUCTION TO BASIC INCOME

Photo credit: Mehmet Turgut Kirkgoz - Pexels

The twenty-first century ushered in a new industrial and information technology revolution, resulting in a transformation of production systems and more flexible labour markets. There has been a digital transformation of production and value creation processes, representing a new stage in the organisation and control of the industrial value chain. These developments have significant implications for employment, income security, welfare and livelihood systems across the world, particularly for vulnerable socio-economic segments such as migrant workers that primarily consist of low-skilled workers from countries of the Global South moving to richer countries. There is evidence that with the deployment of newer technologies in managing these workers, their vulnerability, insecurity and precarity increase.²⁹

In most developing countries, the post-1945 era was one in which governments and international aid agencies, including the UN system, tried to erect a welfare state based on schemes previously developed in rich industrialised countries but more geared to absolute poverty alleviation, in which in-kind transfers of basic goods and services, subsidised items and public works schemes were the main planks, with the hope that development would result in a steady shift to formal jobs to absorb 'surplus labour' in the low-income informal economy. Nearly seven decades after these measures were introduced, considerable work remains in addressing global poverty and inequality, and vulnerability in the South Asian region. Further, the global economic context has evolved considerably in the last decade or so. Technology advancements may reduce dependence on human labour, thereby transforming the meaning of employment and income security.

Chronic economic uncertainty is a significant policy challenge for Nepal, compounded by the informal nature of the labour market. These developments create a severe mismatch between prevailing social protection systems and the rapidly changing livelihood systems demanding innovation and new thinking.

Globally, several social protection schemes, mostly selective, targeted and conditional, have been implemented to reduce vulnerability and enhance people's capacity to manage risks. These range from direct in-kind transfers to conditional cash transfers. A large majority of schemes in most countries have been both targeted and selective. There is a difference between the two. Targeted schemes are means-tested and linked to poverty, while selective schemes are linked to a particular demographic group, such as women or tribal minorities. Both are problematic in their design. While selective schemes almost automatically exclude other vulnerable groups and poorer populations from the scope of social protection, targeted schemes risk both inclusion and exclusion errors.

The literature and empirical evidence show that conventional means-tested social assistance schemes targeted towards the poor have systemic failings particularly, but not only, in developing countries where administrative systems are prone to severe challenges.^{30,31,32,33} Schemes that are only for the poor are invariably sub-optimal, have design features that are arbitrary and present gaps and challenges both in terms of design and delivery.³⁴ In addition, there is overwhelming evidence that targeted systems lead to severe poverty traps. If a scheme is given only to those deemed to be poor, anybody trying to move out of poverty would lose the benefits, making such attempts almost self-defeating, forcing people to remain in the targeted system and poverty to persist. This has been shown to be true all over the world. These gaps in targeting are compounded in times of emergencies such as the COVID-19 pandemic.

Schemes often have another dimension in the form of conditionality. Conditionalities are typically two-fold: 1) they can be conditional on past contributions or past behaviour 2) or conditional on compliance with certain pre-specified conditions that need to be met in return for the benefits. Many schemes have both types of conditionalities applied to them.

²⁹ C. Chuanfei, 'Precarious Work and its Complicit Network: Migrant Labour in Singapore', *Journal of Contemporary Asia*, 49:4, 2019, pp. 528-557, doi: 10.1080/00472336.2019.1572209

³⁰ N. Kwatra, 'These are the gaps the centre must fill to ensure 100% coverage of welfare beneficiaries.' *Scroll*, 01 July, 2022. <https://scroll.in/article/1026091/these-are-the-gaps-the-centre-must-fill-to-ensure-100-coverage-of-welfare-beneficiaries>

³¹ R. Marcos, M.G Rubio, and M. Stampini, 'Have Cash Transfers Succeeded in Reaching the Poor in Latin America and the Caribbean?', *Inter-American Development Bank Policy Brief* no. IDB-PB-246, 2015

³² R. Martin, 'How Relevant is Targeting to the Success of an Antipoverty Program?', *World Bank Research Observer*, 24(2): 2009, pp.205-231.

³³ S. Klasen and S. Lange, 'How Narrowly Should Anti-poverty Programs Be Targeted?: Simulation Evidence from Bolivia and Indonesia', *Courant Research Centre: Poverty, Equity and Growth - Discussion Papers 213*, Courant Research Centre PEG, 2016. http://www2.vwl.wiso.uni-goettingen.de/courant-papers/CRC-PEG_DP_213.pdf As the internationally respected sociologist, Richard Titmuss, put it, 'Benefits that are only for the poor and invariably poor benefits.'

³⁴ As the internationally respected sociologist, Richard Titmuss, put it, 'Benefits that are only for the poor and invariably poor benefits.'

Conditionalities within schemes often also induce other problems, including corruption, while 'poverty traps' are almost always severe. Schemes embedding all these features are also very expensive to administer if done effectively, in terms of bureaucratic costs, in terms of reaching the poor and in terms of the time burden on programme implementers as well as intended recipients. None of these dimensions work well in most developing countries as is evident in high exclusion errors observed in the delivery of these schemes. If schemes result in high exclusion errors, which means a high proportion of those who should be getting benefits are not getting them, then the resilience of the whole society is jeopardized.³⁵

Beyond these design challenges presented by social protection schemes that embed targeting, selection and conditionality, the robustness of institutional mechanisms to administer these schemes carry strong implications for delivery. Often, the institutional infrastructure that is in place for delivering these schemes is under-developed and plagued with inefficiencies, including those relating to technology and infrastructure which can exacerbate scheme leakages and inclusion and exclusion errors and ultimately undermine the poverty reduction goals envisioned through these schemes. These institutional barriers that undermine effective scheme delivery are a systematic problem in a majority of countries.³⁶

While only addressing some of the needs of the marginalized, the current social protection systems around the world, and more so in developing countries, which have characterised the three dimensions of means-testing, selectivity and conditionality, often ignore the multidimensional nature of poverty and vulnerability.

Given this context, the idea of a quasi-universal basic income (hereafter referred to as BI) has gained momentum. A BI is a regular government payment to all usual resident citizens that is unconditional (without means-test or behavioural requirements) and aimed at achieving basic economic security. Its design features — paid to all in cash, without conditions, and with no targeting — challenge current practices to varying degrees. For instance, while those three core

choices largely shape the identity of a basic income, proposals and practices around the world differ in their parameters about how much or how often to pay, whether to include truly everyone or exclude children and noncitizens, and whether some people would be net payers for the program (the latter two considerations already compromise the no-targeting principle).

Across the world, the experiences of cash transfer schemes mimicking aspects of a basic income model have been encouraging. While examples of largescale Basic Income (BI) programmes are scant, several pilots have been implemented on a smaller scale, generating a substantial body of evidence around cash transfer programmes. Existing evidence highlights the broad and significant positive impacts of income transfers on beneficiaries.³⁷ These cash transfer schemes have been seen to produce better results when compared to other anti-poverty schemes that rely on non-cash conditional transfers. Improvement has been observed in quality of life, nutrition, schooling and sanitation with positive externalities on non-recipients, an impact more pervasive for developing countries.³⁸

For instance, evidence suggests positive impacts on income, savings, assets, nutrition, school performance, labour force participation, domestic violence, and several women's empowerment indicators. In addition to reducing administrative and delivery costs, there is increasing evidence that these programmes provide beneficiaries with the option to make strategic choices for themselves and therefore have an inherently empowering, rights-based element to them.³⁹ However, results may be context-specific, and depend on the design and delivery of the programmes in terms of their integration with existing social protection systems, targeting objectives, and frequency and modality of payments.

What is clear though is that a BI could have salutary impacts, particularly in a context where households have been adversely affected by shocks triggered by the COVID-19 pandemic. Unconditional cash transfer schemes have been introduced to mitigate adverse impacts of external economic shocks such as the pandemic that exacerbate

³⁵ R. Jhabvala and G. Standing, 'Targeting to the 'poor': Clogged pipes and bureaucratic blinkers', *Economic and Political Weekly* (New Delhi), Vol.XLV, Nos.26-27, 26 June, 2010, pp.239-46.

³⁶ R. Hanna and B.A. Olken, 'Universal Basic Incomes versus Targeted Transfers: Anti-Poverty Programs in Developing Countries', *Journal of Economic Perspectives*, Volume 32, Number 4, Fall 2018, pp.201-226, <https://doi.org/10.1257/jep.32.4.201>

³⁷ A. Banerjee, P. Niehaus, & T. Suri, 'Universal basic income in the developing world'. *Annual Review of Economics*, Vol. 11, 2019, pp.959-983, <https://doi.org/10.1146/annurev-economics-080218-030229>

³⁸ S. Samuel, 'Everywhere basic income has been tried, in one map.' *Vox*, February, 19. (2020).

³⁹ G. Standing, *Basic income: A Guide for the Open Minded* (New Haven, Yale University Press, 2017).

existing intersectional inequalities.⁴⁰ Although still growing, the evidence of the success of unconditional cash transfer schemes necessitates consideration of basic income for developing countries that suffer from high inequalities and low administrative capacity to implement targeted social protection programmes.

2.1 Definition of Basic Income







Basic income can be defined in terms of its several distinctive features. For the purpose of this review, the term ‘basic income’ has been adopted rather than the commonly-used term ‘universal basic income’, because although what we propose is ‘universalistic’ in covering all the population usually living in a community, for pragmatic reasons it would have to exclude migrants coming into the country for at least an initial period, and would not be paid to citizens living and working outside the country. Basic income is cash paid to every woman, man and child individually, unconditionally, and regularly in any given political community. It is not only paid to

A basic income is defined broadly as its underlying features such as “coverage” and “universality”. The World Bank’s guide to the policy defines BI as “one particular pathway to achieve universality in social protection which is based on three core design choices - that it is paid to all, unconditionally and in cash”. Within our study context, considering the emphasis on bringing a gender perspective to BI, we believe it is important to expand the definition to underscore both the “individual” nature of BI and its “periodicity”.

individuals but it is paid in equal amounts to each individual regardless of gender, marital status, age or work status, with a smaller amount paid to children, paid to the mother or a surrogate mother. This is a modest amount paid regularly and not a one-off capital grant. There is no particular level that is regarded

as ideal but the amount that is paid should make a substantive difference to the material standard of living of the recipient. A full basic income system would aim to give a supplement to those with extra living costs. It is not necessarily a complete substitute for other anti-poverty measures. In principle, it is universalistic, but not necessarily universal in the sense that new migrants into the country would not be automatically eligible for it as soon as they enter the country and citizens who are living and working abroad would not be entitled to it.

Accordingly, the definitional scope for our study will include the following six core characteristics which distinguish basic income from the conventional modes of welfarism:

- | | |
|---|---|
| <p>1.  Cash, as opposed to in-kind transfers</p> | <p>2.  Paid to individual, as opposed to head of the household</p> |
| <p>3.  Regularly, as opposed to one-time grants</p> | <p>4.  Universalistic, as opposed to targeted⁴¹</p> |
| <p>5.  Unconditional, as opposed to conditional</p> | <p>6.  Deemed as an economic right and therefore, non-withdrawable</p> |

This definition builds on the ([Basic Income Earth Network](#)) definition and further draws on the extensive body of work in BI of Professor Guy Standing and Dr Sarath Davala, the two Senior International Experts who have provided the technical advice for this study. There are different ways of delivering it which will be considered later in the report.

⁴⁰ UN calls for temporary basic Income to support Women struggling during the pandemic. <https://www.globalcitizen.org/en/content/undp-temporary-basic-income-women-covid-19/>

⁴¹ The reason we use ‘universalistic’ rather than ‘universal’ is because of the complications involved in the definition of universal. Universalistic denotes a movement towards Universal, towards being a citizenship right applicable to all legal residents of the country or community.



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3 FINDINGS

Photo credit: Colin Hobson - Unsplash

3.1 Desk Review

This section presents an overview of global evidence on cash transfer schemes and basic income pilots from around the world.⁴² Features of the key prominent schemes are described below.

3.1.1 Overview of Global Evidence on Cash Transfers and Basic Income Pilots

Six case studies were selected to examine the effects of Cash Transfers and BI pilots. Three cases - Mexico, Brazil and Pakistan are national cash transfer policies that have been implemented, while those of India and Namibia are basic income pilots funded by non-governmental organisations.

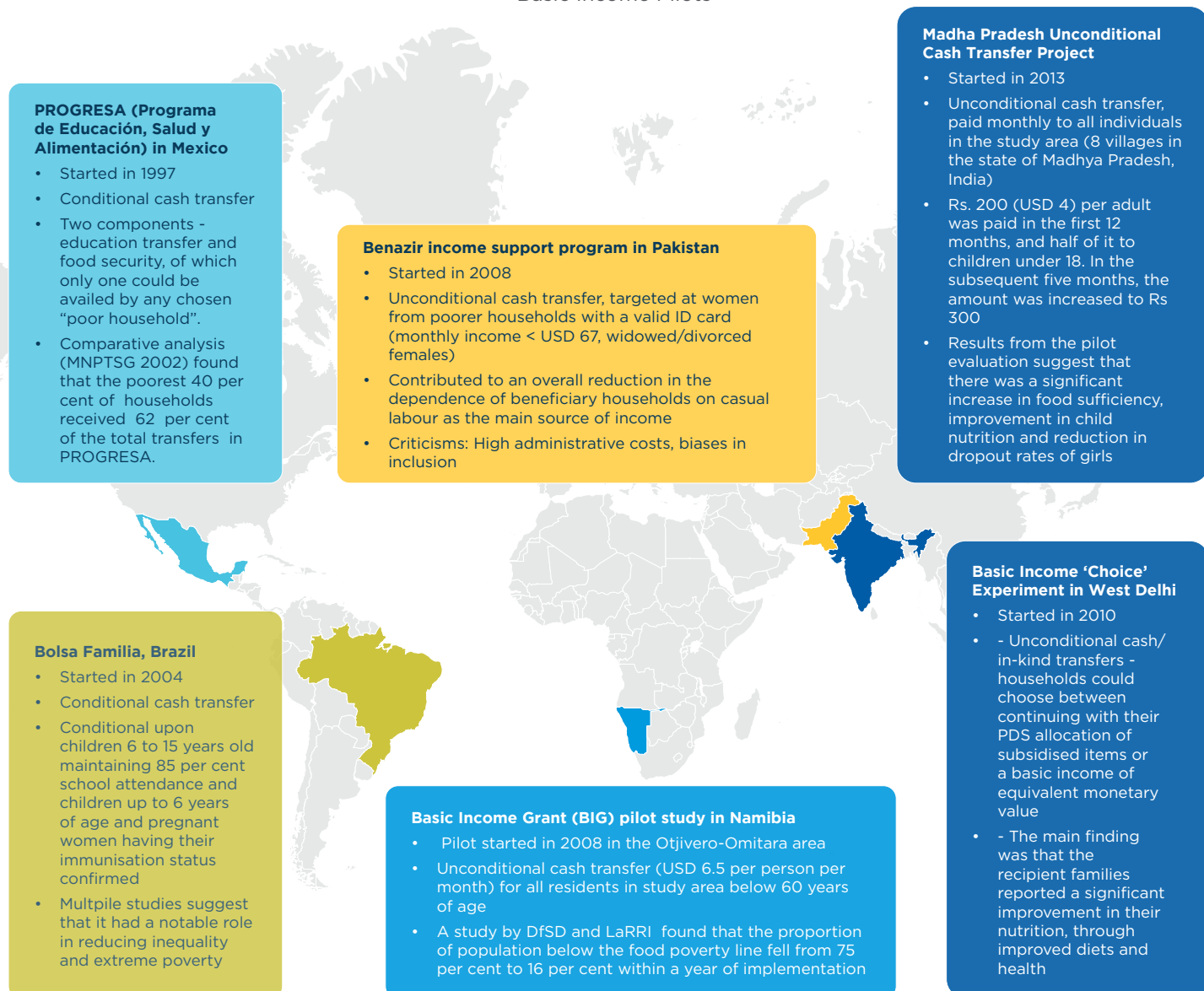
3.1.1.1 PROGRESA (Programa de Educación, Salud y Alimentación) in Mexico

Touted as ‘A model from Mexico for the world’ by the World Bank, PROGRESA was started in Mexico in 1997. This Conditional Cash Transfer (CCT) program was launched with the fundamental idea of alleviating poverty. It was designed and implemented as a conditional cash transfer program with two components - education transfer and food security, of which only one could be availed by any chosen “poor household”.

Programme Design and Reach

- PROGRESA was run in two phases. In Phase I, marginal rural localities were identified using a marginality index constructed from the national census and target groups

Figure 1: Overview of Global Evidence on Cash Transfers and Basic Income Pilots



⁴² G. Standing, ‘Basic Income: And how we can make it happen (London, Pelican, 2017)’; G.Standing, ‘Battling Eight Giants: Basic Income Now (London, Bloomsbury, 2021).’

were chosen based on a statistical analysis of household income and characteristics, and areas where the necessary social infrastructure was accessible. In Phase II, beneficiary households were informed of their responsibilities and rights.

- Children from the age of seven were eligible for education transfers, which increased with age, starting at a monthly rate of 80 pesos, to 265 pesos for boys and 305 pesos for girls in middle school, in 1999. These transfers were made conditional on enrolment and an 85 per cent attendance record.
- The second component of the transfer, for food security, health and nutrition, was a monthly 125 pesos for each household, conditional on family members taking regular trips to health clinics for a range of preventive health checks, and attending monthly nutrition and hygiene awareness sessions.
- In addition to these cash transfers, households with children under age three received monthly nutritional supplements for infants. With a combined transfer ceiling of 750 pesos per month, the transfer to beneficiary households constituted around 20 per cent of annual household expenditures.⁴³
- The money was given to mothers for better outcomes in child and household wellbeing. Transfer amounts were adjusted with inflation rates every six months.
- In the early 2000s, the program had an annual budget of 1 billion USD and included 2.6 million rural households in 72,345 localities in 31 states, approximately 40 per cent of all rural households in Mexico. Despite its success, the program subsequently came to be known as **Oportunidades** and later **Prospera**, and was discontinued in 2019.

Evaluation

A comparative analysis (MNPTSG 2002) found that the poorest 40 per cent of households received 62 per cent of the total transfers in PROGRESA. The program had substantial effects on nutrition, with a reduction in the

probability of stunting, and an increase in the annual mean growth rate by 16 per cent amongst the children, evidence also suggests substantial increase in food consumption and dietary diversity.^{44,45}

The IFPRI evaluation of the program concluded:⁴⁶

'The overall finding of the research is that PROGRESA's emphasis on women is well-guided. While it has introduced some new tensions in the household and burdens on women, on balance women feel it has helped to improve their position and helped the family as a whole.' (p.87)

3.1.1.2 Bolsa Familia, Brazil

As one of the world's largest Conditional Cash Transfer (CCT) programmes, Bolsa Família started in 2004 with the merger of four existing conditional and unconditional cash transfer programmes in Brazil.

Programme Design and Reach

- The transfers were conditional upon children aged 6 to 15 years old maintaining 85 per cent school attendance and children up to 6 years of age and pregnant women having their immunisation status confirmed and going for regular health check-ups.
- The eligibility threshold was R\$ 60 (US\$ 33) per capita for extremely poor households and R\$120 (US\$66) per capita for poor households.
- The extremely poor households are entitled to the basic benefit of R\$ 58 (US\$ 32) as well. All households received R\$ 18 (US\$ 10) for a pregnant woman or each child up to a maximum of three children. Altogether, the maximum transfer for an extremely poor household is R\$ 112 (US\$ 61) and for a poor household R\$ 54 (US\$ 30).
- The transfers from the program represented only 0.5 per cent of the GDP and 2.5 per cent of government annual expenditure in 2006.
- As of 2020, Bolsa Familia benefited 13.8 million families (about 50 million people) and cost 0.5 per cent of the Brazilian GDP and covered 26 per cent of the population.

⁴³ Roughly 36 US Dollars at current exchange rate.

⁴⁴ J.R. Behrman and J. Hoddinott, 'An Evaluation of the impact of ProgresA on preschool child height.' International Food Policy Research Institute, March, 2001 and P. Gertler, 'The impact of ProgresA on Health' International Food Policy and Research Institute, November, 2000.

⁴⁵ H. John, and S. Emmanuel, 'The impact of PROGRESA on food consumption.' International Food Policy and Research Institute, 2003, March, 2001.

⁴⁶ P. Gertler, 'The impact of ProgresA on Health' International Food Policy and Research Institute, November, 2000

Evaluation

- Bolsa Familia had a notable role in reducing inequality and extreme poverty with a 12 per cent fall in poverty while the poverty severity measure showed that it produced a 19 per cent reduction.
- Soares et al. in 2004) estimated that the Brazilian Gini index fell by 4.7 per cent between 1995 to 2004, in which the Bolsa Familia cash transfers were responsible for 21 per cent.⁴⁷
- The Cedeplar's Baseline Report on the Impact Evaluation of Bolsa Familia and the AIBF (Avaliação de Impacto do Bolsa Família), a national and regional sample survey carried out in 2005, tried to measure the average difference between households that received the Bolsa Familia CCTs and households that did not. The program had a significant impact on household expenditure related to food, education and children's clothing, while monthly expenditures on adult health and clothing reduced, pointing to the fact that beneficiary families used the program allowances for the betterment of their children. A 2016 study conducted by Martins, et.al concluded that the '*Bolsa Família* Program impact on food availability among low-income families was higher food expenditure, higher availability of fresh foods and culinary ingredients, including those foods that increase diet's quality and diversity.'⁴⁸
- Bolsa Família had a positive impact on school attendance and re-entry rates of older drop-outs.
- An evaluation by the 'Chamada Nutricional' (Nutritional Call) showed a significant impact of Bolsa Família on the reduction of stunting for children aged 6 to 11 months, and reduced wasting amongst children up to five months old but none on older children aged between 12 and 36 months.
- The AIBF evaluation also found that the labour market participation rate of beneficiary adults was 2.6 per cent higher than others and the participation rate of beneficiary women was higher by 4.3 per cent.

On the whole, Bolsa Familia had a positive impact on lifting poorer households out of extreme poverty.

3.1.1.3 Benazir Income Support Program (BISP), Pakistan

BISP was initiated in 2008 by the then government in response to the rising inflation and cost of living. It is a targeted and unconditional cash transfer program. The program is targeted at women in poorer households. The immediate objective of the programme in 2008 was to cushion poor households from the negative effects of the food, fuel and financial crises. Its longer-term objectives are to provide a minimum income package to the poor and to protect vulnerable populations from chronic and transient poverty.

Programme Design and Reach

- The cash transfer is targeted at the poorest 25 per cent of the population with a specific eligibility threshold set on the BISP poverty score to assign households as eligible for the BISP cash transfer. Inclusion criteria: To be eligible for cash payments under BISP: families must earn less than Rs 6,000 per month; equivalent to \$67 (Income criterion); families must have a female applicant holding a valid ID card (gender criterion); an individual applicant must be a widowed or divorced female without male family member (gender and marital status criteria); families with physically or mentally disabled individuals (disability criterion).
- Exclusion criteria - Families deemed ineligible for cash payments through BISP include those with:
 - » Members employed by the Pakistani government, army, or any other government-affiliated agency (public employment criterion).
 - » Members drawing a pension or receiving post-retirement benefits from the government. (public employment and income criteria).
 - » Family members owning more than 3 acres of farmland or more than 80 square yards of residential land (assets criterion).
 - » Members receiving income from other sources (income criterion).
 - » Members holding a machine-readable passport (proxy for income).
 - » Members with a National Identity Card for Overseas citizens (proxy for income).

⁴⁷ F. Soares, et.al, 'Cash Transfer Programmes in Brazil: Impacts on Inequality and Poverty'. *United Nations Development Programme International Poverty Centre*. 2006. Retrieved from: <https://ipcig.org/sites/default/files/pub/en/IPCWorkingPaper21.pdf>

⁴⁸ A.P. Martins, M. Bortoletto, and C. Augusto, 'Impact of the Bolsa Família program on food availability of low-income Brazilian families: a quasi-experimental study.' August 19, 2016.

- » Members with a bank account excluding microfinance banks and those catering to low-income families. (proxy for income criterion).
- The programme provides eligible families with unconditional cash transfers (UCT), originally set at a monthly value of PKR 1,000, and subsequently raised to PKR 2000 (USD 11.5) in 2019-20. The transfer is delivered quarterly, with the vast majority of beneficiaries receiving cash through a BISP Debit Card.
- Identification process: In its first year of operation (2008), recipients of BISP cash transfers were identified and selected by Parliamentarians through a process of recommendation. Each Parliamentarian received 8,000 forms to distribute throughout his or her constituency. Selected individuals underwent an eligibility verification process through the National Database and Registration Authority. A final list of eligible families was generated and sent to the postal service. Funds were disbursed from the Treasury directly to the postal service and then delivered to the female head of eligible households. In April 2009, the process for identifying and selecting eligible families through Parliamentarian recommendation was ended. The identification process has been reformed and now uses a Poverty Scorecard. Through the Poverty Scorecard, families are identified through a proxy means test. The Poverty Scorecard has been approved by the World Bank and requires families to answer 13 questions regarding assets and expenses in a survey. The poverty survey has been tested in 16 districts and will be distributed nationwide.
- In 2008-09, the BISP covered 1.5 per cent of the total population and 10 per cent of the poor population in the country. By 2016, it was the main social assistance programme in Pakistan, serving 5.29 million beneficiaries.
- BISP is currently the largest aid program in Pakistan and comprises the government's third-largest budgetary allocation. BISP spending accounts for two per cent of Pakistan's GDP.

Evaluations

An Oxford Policy Management assessment of this program in 2016 found the following, among other findings:⁴⁹

Impact on women

- The BISP has influenced a change in the way women are viewed in the household and the community with most beneficiary women noting that they are now given an elevated status within the household as a direct result of the BISP.
- There was a statistically significant effect on the mobility of beneficiary women, with more women being allowed to freely travel to various locales in their community.
- The BISP was related to an increasing proportion of beneficiary women voting in political elections.

Livelihood

- A change in the livelihood strategies adopted by beneficiaries. BISP has contributed to an overall reduction in the dependence of beneficiary households on casual labour as the main source of income. This finding is driven by the finding that the BISP has resulted in a reduction in the proportion of men engaged in casual labour, with an associated increase in the proportion of men engaged in agricultural activities including caring for livestock.
- BISP has resulted in a reduction in the proportion of women engaged in unpaid family labour.
- BISP has resulted in an increase in the proportion of beneficiary households that own small livestock including sheep and goats. Potentially supporting this purchase of small livestock, we find improving financial access among beneficiary households, with the BISP leading to an increase in the proportion of beneficiaries with savings with the increase in savings being driven by an increase in formal savings.
- BISP is leading to an increase in monthly food consumption (PKR 69), driven by high quality protein which can be expected to lead to significant improvements in the quality of diet.

Criticism

- The programme has been criticised for biases and political favouritism in inclusion by parliamentarians. For instance, the program coverage is

⁴⁹ I. Cheema, S. Hunt, S. Javeed, T. Lone and S. O'Leary, 'Benazir Income Support Programme: Final Impact Evaluation Report'. *Oxford Policy Management*, 2016. Retrieved from: <https://www.opml.co.uk/files/Publications/7328-evaluating-pakistans-flagship-social-protection-programme-bisp/bisp-final-impact-evaluation-report.pdf?noredirect=1>

extensive and widespread in provinces where the ruling party was in power.

- The program has been criticised for high administrative and other ancillary costs such as poverty surveys conducted to prepare the Poverty Score Cards.

3.1.1.4 Basic Income Grant (BIG) Pilot Study in Namibia

In January 2008, the BIG Coalition introduced the Basic Income Grant (BIG) pilot project in the Otjivero-Omitara area in Namibia for a period of 24 months up to December 2009, by the.⁵⁰ In 2002, the Namibian Government's Tax Commission (NAMTAX) proposed a universal grant that can be financed through a progressive expenditure tax on the affluent cohort. This marked a turning point in public consideration. In 2004, a coalition, which included the official representations of churches, trade unions, the Namibian NGO forums and AIDS service organisations set up a BIG for all Namibians. The unconditional cash transfer was designed to be a tool of empowerment, giving people more freedom of expenditure and investment and also personal responsibility.

Programme Design and Reach

- All residents in the project area below the age of 60 years received a Basic Income Grant of N\$100 (USD 6.5) per person per month, without any conditions.⁵¹ 930 residents received this grant. The money for children and youth up to the age of 21 was paid to a person designated as their 'primary care-giver', in most cases the primary care-giver was the mother.
- The BIG Coalition registered the whole community by 31 July 2007. Every household was visited and all members were identified using identification documents and everybody below the age of 60 was registered for the BIG.

Evaluation by DfSD and LaRRI

- The research for the Basic Income Grant Pilot Project was designed and carried out jointly by the Desk for Social Development (DfSD) and the Labour Resource and Research Institute (LaRRI) on behalf of the BIG Coalition
- After the introduction of the BIG, household poverty dropped significantly. Within a year of the BIG implementation, the proportion

of population below the food poverty line fell from 75 per cent to 16 per cent .

- The introduction of the BIG led to an increase in economic activity. The proportion of population above the age of 15 engaged in income-generating activities increased from 44 per cent to 55 per cent. The BIG enabled recipients to increase their work both for pay, profit or family gain as well as self-employment. The grant enabled recipients to increase their productive income earned, particularly through starting small businesses, including brick-making, baking bread and dress-making.
- The BIG contributed to the creation of a local market by increasing households' buying power.
- The BIG resulted in a notable reduction in child malnutrition, as estimated using WHO's measurement technique: children's weight-for-age improved significantly, with the proportion of underweight children falling from 42 per cent in November 2007 to 17 per cent in June 2008 and further down to 10 per cent in November 2008.
- The cash transfers enabled HIV-positive residents' access to ARVs, earlier hampered by poverty and a lack of transport, to afford nutritious food and gain access to the medication. Residents also started using the settlement's health clinic much more regularly after the BIG was introduced.
- The programme also had a positive impact on children's attendance: absenteeism dropped by 42 per cent and dropout rates fell from almost 40 per cent in November 2007 to 5 per cent in June 2008 and further to almost nothing in November 2008.
- It contributed to the reduction of household debt with the average debt falling from N\$ 1,215 to N\$ 772 between November 2007 and November 2008. Savings increased during that period, which was reflected in the increasing ownership of large livestock, small livestock and poultry.
- The BIG has contributed to a significant reduction of the crime rate, infamous in the area, by 42 per cent.
- Dependency of women on men for their survival started falling, women now finding a measure of control over their own sexuality, freeing them to some extent from the pressure to engage in transactional sex.

⁵⁰ One of the authors of this report was involved in the design, implementation and analysis of this pilot.

⁵¹ The reason for excluding persons above 60 years was that they all received a pension.

- Implementing a national BIG in Namibia has substantial cost implications: the net estimated costs are in the range of N\$ 1.2 to 1.6 billion per year, equivalent to three per cent of Namibia's GDP.

3.1.1.5 Lessons from the Madhya Pradesh Unconditional Cash Transfers Project

The Madhya Pradesh Unconditional Cash Transfers Project (MPUCT) was coordinated by the Self Employed Women's Association (SEWA), a national women workers' trade union in the informal sector across India, working in collaboration with two of the authors of this report.⁵² The project was funded mainly by UNICEF, with support from the UNDP.

Programme Design and Reach

- Nearly 6000 individuals in eight villages received cash transfers.
- The cash transfers were unconditional, paid monthly to all individuals irrespective of age, income, gender, caste, etc. Transfers for children under the age of 18 went to the mother
- Transfers were made for 17 months. First twelve month the amount was Rs. 200 (USD 4) per adult and half of it to children under 18. In the subsequent five months, the amount was increased to Rs 300 (USD 4), taking inflation into account. The amount was equivalent to 30% of the income of those living at the poverty line.

Evaluation

- The pilots were evaluated by means of three rounds of evaluation surveys and a set of 100 'case studies. The statistical and other analysis was presented as a comprehensive technical report to UNICEF and then turned into a book.
- The study was based on modified Randomised Control Trial methodology, with the villages selected randomly, and with a randomly chosen group of 12 similar villages included as a control group. In addition to the MPUCT, a separate pilot was administered in one tribal village, with another tribal village chosen as the control group. Transfers were made to about 753 persons (adults and children) in the tribal village for 12 months.⁵³

- Those who received basic income reported a statistically significant increase in their food sufficiency six months into the intervention. The results were striking in the tribal pilot where the proportion of basic income recipient households reporting that their income was sufficient for their food needs increased from 52 per cent at the start of the pilot to 78 per cent after six months of receiving cash. There was also a shift from subsidised food through the PDS to the purchase of fresh produce from local markets.
- The tribal villages, which were much poorer than the general villages, recorded significant increases in ownership of household assets. Households were more likely to buy productive assets to earn more income, rather than assets that would give them more comfort. With basic income taking care of basic household needs, these households now had extra money to farm their own lands and invest in equipment like ploughs.
- Receipt of basic income had a statistically significant impact on children's nutrition, a 20 per cent increase in beneficiary villages. There was a 25 per cent rise in the proportion of girls with normal weight-for-age. There was also an increase in dietary diversity in both general and tribal villages and many reported that expenditure on alcohol actually was lower after the intervention.
- The program also had a positive impact on reducing dropout rates of girls from schools. By the end of the intervention, 66 per cent of girls in the intervention villages were going to school compared to only 36 per cent of girls in control villages. In the tribal areas, basic income arrested the tendency of children dropping out from schools which were 17 per cent and three per cent in beneficiary and control villages, respectively.
- Along with an increase in schooling, the basic income had a positive effect on waged child labour, especially in SEWA villages under the general pilot. There was a 20 per cent reduction in **child wage-labour** in the general basic income villages compared to a 5 per cent drop in control villages, with the difference being statistically significant.

⁵² Sewa Bharat, 'A Little More, How Much Is It . . . Piloting Basic Income Transfers in Madhya Pradesh, India'. Supported by UNICEF, India Office, January 2014, New Delhi Office. <https://sewabharat.org/wp-content/uploads/2015/07/Report-on-Unconditional-Cash-Transfer-Pilot-Project-in-Madhya-Pradesh.pdf>

⁵³ S. Davala, R. Jhabvala, S.K. Mehta and G. Standing, 'Basic Income: A Transformative Policy for India (London and New Delhi, Bloomsbury, 2015)

- One of the most important findings was the growth of productive work in both general and tribal villages, leading to a sustained increase in income. Nearly 21 per cent of basic income recipient households in the general pilot reported an **increase in income-earning work** or production, compared with just 9 per cent of the control households. It is notable that the basic income payments induced some more villagers, especially more women to start a second main economic activity.
- Women's empowerment was one of the more important outcomes of this experiment; most women receiving the basic income reported that they could participate in decisions on spending their basic income. In other words, the basic income appeared to have made household decision-making more equitable than before. The change within the basic income households as compared to the control households was statistically significant. Moreover, individual accounts and individual transfers strengthened women's control over finances.

3.1.1.6. The Basic Income 'Choice' Experiment in West Delhi

In 2010, in a slum area of West Delhi, a sample of 450 households was selected and each household was offered with a choice of either continuing with their allocation under the Public Distribution Scheme (PDS) of subsidised items or a basic income of equivalent monetary value. The project was led by the Self-Employed Women's Association and funded by the UNDP.

Outcomes

- Initially, about half the households chose the PDS and half the basic income. During the first evaluation survey, many families that had opted for the PDS asked to shift to the basic income. Under the rules of the experiment, that was not allowed, but it indicated that participants recognised the benefits of the programme over time.
- The main finding was that the recipient families reported a significant improvement in their nutrition, through improved diets and health.

3.1.1.7 What do these six cases tell us?

The three policies implemented in Mexico, Brazil and Pakistan are targeted and

conditional cash transfers. Two of the pilot studies were unconditional and universal cash transfers within the select villages. The West Delhi urban experiment was done with a select group in an urban slum. While the cash transfer was unconditional, the select group comprised those who were willing to suspend their food subsidy for the duration of the experiment. In this section, we examine the implications of targeted approaches.

The arguments in favour of targeting are typically two-fold. Firstly, cash transfers should be directed to population segments that are deemed poor and vulnerable, and the scheme ought to help them cope with poverty and graduate. Secondly, developing countries have limited financial resources and fiscal space to fund universal programs. Therefore, targeting can offer an optimal mechanism for directing scarce resources to the most vulnerable segments. However, a review of the evidence suggests that targeting poses implementation challenges.

- **Challenges in Targeting:** Determining the criteria to identify the most vulnerable populations is a complex process. For instance, in Pakistan's BISP programme, multiple criteria including income and gender were applied, and there was another level of targeting towards widowed and divorced women. Using multiple variables to determine the target population poses identification and implementation issues. In Bolsa Familia's case, we see that the targeting is very broad and covers a little more than a quarter of the total population. In relative terms, Bolsa Familia comes out as a successful cash transfer scheme although one major reason for its success is that in practice the authorities did not apply the behavioural conditions. Thus, targeted programmes are prone to both inclusion and exclusion errors. One lesson we learn here is that while targeting itself is riddled with problems, the lesser evil is to have a broad criterion rather than a narrow one and pack the scheme with multiple considerations. Moreover, the hidden costs involved in developing and administering a complex targeted programme are often overlooked at the design stage.⁵⁴
- **Challenges in Implementation:** Since bureaucratic efforts are focused on optimising allocations to the most vulnerable segments, and there are considerable gaps in identification systems in emerging economies (such as IDs,

⁵⁴ R. Hanna and B.A. Olken, *Universal Basic Incomes vs Targeted Transfers: Anti-Poverty Programs in Developing Countries*; Working Paper 24939 (August 2018: Cambridge), <http://www.nber.org/papers/w24939>

official documents), targeted programmes are prone to corruption and leakages in service delivery. The complex, multi-layered logistics of last-mile delivery can also lead to both inclusion and exclusion errors.

Design to delivery, the most well-intentioned schemes can miss the target.

While targeting is riddled with problems, the next important question that we need to consider is conditionalities. There are two types of conditionalities. One, is pre-conditions that make one eligible for the scheme. Two, conditions that expect the beneficiary to demonstrate certain behavioural compliances such as a certain percentage of school attendance or following certain immunisation protocols. Governments are motivated to introduce such conditionalities for at least two reasons:

- One, the belief that if anyone gets anything free, they will misuse it is very strong in all societies. Therefore, to receive cash, people should do something in return.
- Two, to have the power of withdrawal in case there is any evidence that it is not used for the purpose for which the cash is being given.

If we examine carefully, both these considerations are arbitrary and have little to do with the desire to get people out of poverty and income insecurity. Conditionalities are invariably paternalistic and presume that people do not wish to improve their income and living standards. Furthermore, such an approach presumes that bureaucrats are in a better position to make decisions about how assistance should be used as compared to the recipients themselves. It is worthwhile to reaffirm what has been said earlier that the narrower the definition of targeting and conditionalities, the greater the risk of missing the target. The broader the definition of targeting the better the results. However, it is only a matter of relative performance. The challenges endemic to both targeting and conditionalities cannot be mitigated completely. Both conditionalities and targeting by proxy means-testing are accompanied by the risk of corruption, since the decision-making about who is included and who is excluded is left to the discretion of the administrators. This becomes the root cause of both the inclusion and exclusion errors. The experience of every targeted program is replete with both these errors.

It is against the backdrop of these lessons from the field through actual policies implemented that we see the positive impacts in both the case of Namibia and Madhya Pradesh pilots. The universalistic and unconditional approach has the fundamental merit of doing away with both inclusion and exclusion errors at all three stages of design, discretion and delivery. Existing evidence also suggests that universalistic basic income paid to all usual residents of a community strengthens community cohesion and solidarity, and has multiplier effects on the local economy. In other words, if a certain sum of money is paid into a community as basic income, it generates more income, and experience shows it does so in ways that reduce income inequality. Moreover, experience from the pilots such as those conducted in India shows that such an approach benefits women more than men.

3.1.2 Overview of a Feminist Approach to Basic Income

From a feminist economist perspective, the introduction of basic income programmes raises pertinent questions about how a universal income transfer affects not only women's economic empowerment, but also intra-household power dynamics, broader gender roles within communities, and women's social and psychological well-being. Of the programmes and pilots previously studied, it is notable that gender equality was a core objective.⁵⁵ One argument in favour of basic income is that it compensates women's unpaid care responsibilities and decreases the costs to men for caregiving, thereby, expanding women's opportunities to pursue income-generating activities.⁵⁶ For women (recognized as participating in the labour force, under official definitions – under which care work is not considered), a basic income programme offers income support, particularly to step away from unpaid family labour or low paying and informal-sector jobs which women disproportionately occupy.⁵⁷ This income, in theory, empowers women as economic actors and enables them to have more independence in decision-making. By paying women for their unpaid and often unrecognised care and domestic work contributions, basic income also has the potential to change the gendered dimensions of this work and bring a more equal division of responsibility in the household. This is why, in both the Namibian and Indian pilots, when

⁵⁵ A. Koslowski, and A.Z. Duvander, 'Basic income: The potential for gendered empowerment?.' *Social Inclusion*, 6(4), 2018, pp. 8-15.

⁵⁶ A. Zelleke, Institutionalizing the universal caretaker through a basic income. *Basic Income Studies*, 3(3), 2008

⁵⁷ T. Worstall, 'The fed knows why Wal-Mart raised wages. *Forbes*.' Retrieved from: <http://www.forbes.com/sites/timworstall/2015/03/05/the-fed-knows-why-walmartraised-wages/> (2015, March5).

asked at the end of the schemes who had gained more, a big majority among both men and women said women had done so, even though men had gained as well.

The second argument in favour of basic income is that it serves as an independent source of income, thereby, having important implications for improving women's living standards within the household. By giving women access to an independent source of income, it is expected to improve women's living standards, particularly for those who would otherwise have no or little independent income. It is also likely to have a direct effect on psychological well-being and feelings of economic autonomy and increased bargaining power, again via the guarantee of an independent income, regardless of labour force participation.

Third, the individual nature of a basic income scheme is a powerful statement about women (and children) as citizens in their own right, not as dependents within a household. Advocates laud the radical nature of basic income in its symbolism as much as (if not more so than) the actual financial gains.

Fourth, evidence suggests that women are more likely to live in extreme poverty than men, due to the economic burdens associated with caregiving and the segregation of women into "pink-collar" industries that typically pay less than male-dominated industries. One of the main benefits of implementing a basic income is that giving people cash is a direct and effective way to fight poverty. A basic income could make a critical contribution to increasing adequacy, autonomy, security and flexibility to improve household and individual wellbeing, close many of the cracks through which people fall into poverty initially (e.g. idiosyncratic health shocks) and enable them to rebound from setbacks. It can reduce the risk of leaving women behind due to errors of exclusion and provide more options to women to balance the varied demands of their lives and help close gender gaps in income, work time and access to learning. However, achieving the outcomes of financial autonomy and poverty alleviation depend on the scope and levels of basic income provided.

On the other hand, a growing body of evidence suggests that households are non-

unitary in their behaviour, meaning that income and assets are not necessarily shared equally and intrahousehold inequalities and gender roles can influence how income transfers are used.⁵⁸ Opponents of basic income question its potential labour market impacts, as it may encourage women to either stay out of or leave the workforce (in so far as financial decisions are taken jointly at the household level), and therefore further entrench the gendered divisions of labour within households.⁵⁹ However, this argument ignores the fact that a basic income is paid *individually*, unlike other cash transfer schemes.

Some evidence suggests that "gender trumps money" in household negotiations.⁶⁰ In such cases, a basic income scheme could have a limited impact on its own, in the absence of further cultural shifts in social norms that influence gendered roles. This points to the broader issue of situating such a scheme within the broader cultural and policy context regarding gender relations; basic income on its own may be insufficient to address gender inequities and entrenched norms. Secondly, if the amount is too low, it could leave women financially deprived, especially if coupled with decreased labour force participation. Thirdly, a more contentious opposition to basic income is concerning women's ability to make decisions. Some opponents of basic income argue that poverty can be psychologically taxing by diminishing individuals' capacity to make economic decisions. As women and men experience poverty differently (women are more excluded and have weak access to resources and assets etc.), an argument advanced against BI is that women are less prepared to use income transfers effectively. Fourthly, by oversimplifying material complexities, a basic income scheme could reduce women's political space for claiming their rights to self-determination.

Employing gender analysis to evidence from existing BI pilots or close substitutes (e.g. universal child benefits), researchers find some support for BI as a feminist proposal owing to its effect on mitigating intra-household inequality.⁶¹ They find that a BI seems most likely to have a direct effect on women's material welfare by reducing intra-household inequalities, by providing a source of independent income. However, there is a

⁵⁸ A. Banerjee, P. Niehaus, & T. Suri, 'Universal basic income in the developing world'. *Annual Review of Economics*, Vol. 11, 2019, pp.959-983, <https://doi.org/10.1146/annurev-economics-080218-030229>

⁵⁹ A. Koslowski, and A. Duvander, 'Basic Income: The Potential for Gendered Empowerment.' *Stockholm University Linnaeus Centre on Social Policy and Family Dynamics in Europe*, SPaDE, 2018.

⁶⁰ M. Bittman, P. England, L. Sayer, N. Folbre, and G. Matheson 'When does gender trump money? Bargaining and time in household work.' *American Journal of Sociology*, 109(1): 2003, pp186-214.

⁶¹ S. Cantillon, and C. McLean. 'Basic Income Guarantee: The Gender Impact within Households,' *The Journal of Sociology & Social Welfare*: Vol. 43: Iss. 3, Article 7, 2016.

need to examine the interactions between a basic income scheme and other gender equality programmes, to understand its multidimensional impact in any given context.

To summarize, while a basic income scheme can provide women an independent source of income and more autonomy over their economic choices, from a feminist perspective it may not shift entrenched gendered norms unless other barriers such as the provision of quality childcare services, parental leave, or supply-side constraints that limit women from entering paid labour market options (e.g. credit constraints) are addressed.

3.1.3 Overview of Nepal's social protection system

3.1.3.1 History of Social Protection

The history of social protection initiatives in Nepal can be traced to pensions paid to retired and old persons. From the provision of annual pensions to the veterans of the First World War, the system expanded in the last century to include civil servants, the police force and community school teachers. In 1992, the Civil Servant Act was enacted which provided maternity leave of 60 days to women before or after birth for up to two children. In 1993, the social protection system expanded beyond pension services to include revisions to the national Labour Code, mandating private sector employers to pay 50 per cent of the wages for the sick and leave of up to 15 days each year, and to guarantee at least one year of continuous employment.

While ad hoc social security programmes vis-à-vis scholarship for education and old-age homes have existed since the 1880s, the introduction of the senior citizen allowance of NPR 100 per month to all citizens over the age of 75 in 1995 marked the beginning of large-scale social protection programming in Nepal. Social protection programmes have evolved and expanded over the years, with a marked increase since the establishment of a new post-conflict government in 2008 (WB 2021).⁶² These social protection programmes typically have a constitutional basis and are implemented through legal frameworks (e.g. acts and regulations) and assigned institutional roles and responsibilities.

3.1.3.2 Legal and Policy Framework

2007: The Interim Constitution of Nepal, 2007 recognised social security as a fundamental right of Nepalese citizens for the first time and included provisions to protect the interest of women, orphans, children, old age people, the disabled, incapable and endangered race.

2008: The Social Security Program was formulated in 2008 and implemented under the Local Self-Governance Act, 1999 so as to operationalise this right.⁶³

2015: The new constitution of Nepal has expanded the scope and coverage of social security as a fundamental right of the people to include areas of education, employment, labour, health, food and targeting vulnerable groups such as the economically poor, women, children, elderly, disabled, Dalits and other citizens of endangered ethnicities.

The constitution recognizes social protection as a central and concurrent subject and requires strong central, provincial and local level institutions and stakeholders to promote the necessary developmental outcomes in this area. Over 13 federal ministries are involved in the process, implementing social protection policies and programmes that fall under their respective areas of jurisdiction. However, our review of social protection literature in Nepal suggests that the present institutional arrangements with its multiplicity of agencies pose problems in terms of diffused accountability. Gaps in monitoring mechanisms further compound the poor development outcomes.⁶⁴

Further, at the national level, there is currently no unified pan-Nepal policy framework for social protection or holistic guidelines and strategies for provinces and local governments to achieve their social protection goals.

2020: Nepal has taken considerable steps to improve its institutional framework for social protection by formulating the 2020 Draft National Social Protection Integration Framework. To effectively drive change through its provincial and local level policies and strategies, the framework emphasises the need for creating well-defined regulatory mechanisms, appropriate economic and financial incentives to fund the change and ensuring clarity in institutional roles and responsibilities.

⁶² World Bank, 'Nepal: Social Protection: Review of Public Expenditure and Assessment of Social Assistance Programs', 2021.

⁶³ National Planning Commission, 'Assessment of social security allowance program in Nepal'. Kathmandu, Nepal. 2012

⁶⁴ World Bank. 2021. Nepal Social Protection: Review of Public Expenditure and Assessment of Social Assistance Programs, Main Report FY11-FY20, World Bank. 2021.

3.1.3.3 Public Spending on Social Protection

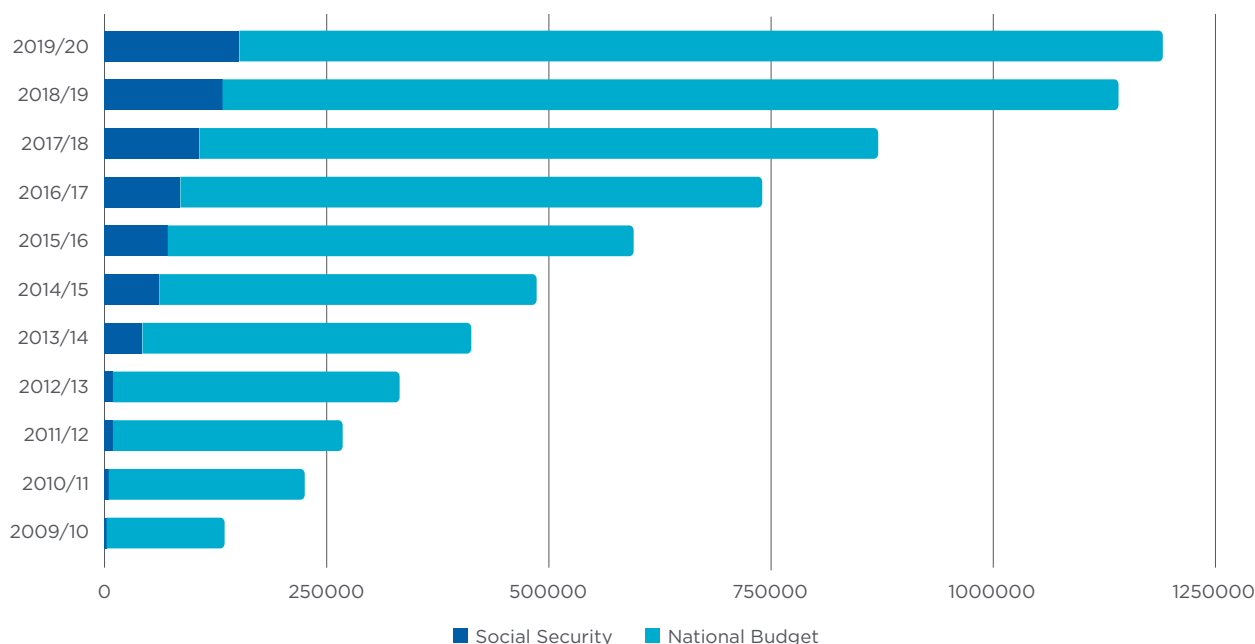
The SP portfolio spending in Nepal was projected at 3.6 per cent of GDP in 2017-18 (with two-thirds going to public sector pensions). Public expenditure on social protection has increased from 0.8 per cent of the national budget in 2009-10 to about 15 per cent of the national budget currently (about 2.5 per cent of the GDP). Specifically, social assistance schemes (mostly cash transfers including old-age pensions, single women’s allowances, disability allowances, child protection grants, and education scholarships) accounted for 1.4 per cent of GDP. It is important to note here that, globally, countries spend approximately 12.8 per cent of their GDP on social protection excluding health on an average, with higher-income countries spending as high as 16.4 per cent and lower income only 1.1 per cent of their GDP on social protection.⁶⁵

For Nepal, this suggests that there is scope for increased spending on social protection as a proportion of its GDP as other countries with similar levels of per capita income spend much higher in this area. Even in the South Asian region, the population covered by at least one social protection programme in countries like India, Bangladesh and Sri Lanka is over 25 per cent, as compared to 17 per cent in Nepal.

Of the 80-plus social protection schemes operational in Nepal with support from internal funds and funding from development partners, most of them (particularly pensions and cash transfers for vulnerable groups) are targeted based on social exclusion and vulnerability status; only public works programmes are poverty targeted. The primary focus of Nepal’s programmes has been on addressing lifecycle vulnerabilities with the biggest programs in terms of coverage (senior citizens, widows/single women, and the child grant) defining eligibility largely in terms of demographic criteria. On paper, the current suite of SP programs goes some way to addressing historical and structural exclusion, with geographical targeting and eligibility defined by ethnicity/caste and gender being common across programs.

Our review of the Government of Nepal’s Draft National Social Protection Integration Framework, 2020, and related policy literature suggests that Nepal’s social protection programmes can be broadly categorized in Table 1 below. Out of the total social spending, 58 per cent is allocated to Social Assistance, 39 per cent to social insurance and 3.4 per cent to labour market intervention. Under each head, there are a number of schemes targeting different sub-sets of the population considered by Government of Nepal as vulnerable.

Figure 1: Total Social Protection Expenditure of Nepal (in NPR lakhs)



Source: NPC draft report on Social Protection Framework, 2020

⁶⁵ International Labour Office., ‘Social Protection at the Crossroads – in Pursuit of a Better Future.’ *World Social Protection Report 2020–22*: Geneva: ILO, 2021

Table 1: Nepal's Social Protection Programme Categories

Programme categories	Features	Budget allocation and coverage
Social Assistance	<p>These comprise different forms of cash transfers called Social Security Allowance. They are non-contributory in nature and are focused on enabling deprived and marginal groups access to essential services, the assistance includes scholarships, health subsidies, school feeding and care services. They target:</p> <ul style="list-style-type: none"> • All senior citizens above 70 years • Senior citizens above 60 years in Karnali province • Senior citizens to all Dalits in Nepal above 60 years • Single women, not all but with age limitation • Persons with Disabilities • Enlisted ethnic groups • Children below 5 years of age – in Karnali province, certain backward districts, and all Dalits, up to two children only 	<ul style="list-style-type: none"> • Among all these categories, 'senior citizens above 70 years' is the only category for which the transfers are universal. They constitute 3.6 per cent of the total population. • The child grant is not universal. It is given only in an economically backward province and to Dalit children all over the country – under five and limited up to two children. It covers roughly 20 per cent of children in that age group. • The other categories are single women, disabled people and ethnic minorities. Altogether, these schemes cover about 2.8 million people, barely 10 per cent of the total population. • In the remaining 25 per cent of the budget allocation, 19 per cent goes to various small scheme related to agriculture. They are in the form of small grants, subsidies, insurance payments, etc. • The remaining 6 per cent goes to another long set of schemes related to educational scholarships, health care assistance for mothers and specific diseases, housing, etc.
Social Insurance	<p>These contribution-based social security programmes primarily include two schemes:</p> <ul style="list-style-type: none"> • Pension and gratuity for the retired formal sector employees • Health insurance 	<ul style="list-style-type: none"> • 90 per cent of the allocation goes to pensions and • 10 per cent of allocations go to the Health Insurance Board that operates a health insurance program since 2017
Labour Market Interventions	<p>These programmes cover skills training, economic inclusion, entrepreneurship, job-search, and employment support. While the underlying principles are primarily rights-based, there are growing concerns about financial sustainability within the context of limited resources and a proclivity to move towards contributory modes [UNICEF 2020]</p>	<ul style="list-style-type: none"> • This component of Nepal's social spending has just 3.4 per cent of the social spending. • Over 97 per cent of it goes to the Rural Employment Guarantee Scheme which is still in the initial stages of implementation. • Very small amounts are allocated for assistance to migrating workers and a Youth Self Employment Program

Table 2 below highlights the corresponding budget allocations across these three major social protection categories. These figures suggest that 91 per cent of the funding for Nepal's social protection programmes

is allocated at the federal level, while the provincial and local levels of government contribute one per cent and eight per cent respectively to these programme budgets.

Table 2: Budget allocation for Nepal's Social protection programmes across administrative levels (in NPR lakhs), FY 2019-20

Programme Category	Annual Budget	Budget allocation/ at different levels		
		Federal	Province	Local level
(1) Social Assistance				
Social Security Allowance	645000	645000	-	-
Relief Support	903	903	-	-
Scholarship	12682	-	-	12682
School Meal Programme	3327	-	-	3327
Safe Motherhood Program	1012	-	-	1012
Maternity and Infant Care Programme	2567	-	-	2567
Control of AIDS & STDs Programme	313	313	-	-
Leprosy Control	208	208	-	-
Free Treatment for Communicable Disease	1744	1744	-	-
Poor Health Treatment Programme	22000	22000	-	-
Social Welfare Programme	14		-	14
President's Women Upliftment Programme	2200	2200	-	-
Special Agriculture Production Programme	100000			100000
Crop and Livestock Insurance and Bird Flu and Agricultural Sector Disaster Management Programme	4750	4750		
Grant to Sugarcane Farmers	9500		9500	-
Interest Subsidy (Ministry of Finance)	50000	50000	-	-
Herbs Cultivation Technology and Enterprise Development Grant	500		500	
Food Transportation Subsidy	5875	5875	-	-
Leprosy Control	1627	1627	-	-
Safe Citizen Housing Programme	1300	-	1300	-
Freed Bonded Labour Grant	100	100	100	-
(2) Social Insurance				
Pension and Gratuity	530000	530000	-	-
Employee Provident Fund	-	-	-	-
Social Protection Fund	-	-	-	-
Health Insurance Board	58596	58596	-	-
(3) Labour Market / Employment Management				
Financial Assistance for Foreign Employment	1050	1050	-	-
Prime Minister Employment Programme	49357	49357	-	49357
Youth Self-employment Program	309	309	-	309
Total	1504934	1374032	11400	169268

Source: NPC draft report on Social Protection Framework, 2020

The share of the population that benefits from the formal social insurance scheme in organised sectors (Employment Provident Fund, Citizen Investment Trust, Social Security Fund) is less than 7 per cent, while the population covered by social assistance programmes is approximately 10 per cent. Among the social assistance programmes, the Social Security Allowance (SSA) programme which involves cash assistance to senior citizens, single women, persons

In order to operationalise the constitutional “right to employment” as per the provisions of the Right to Employment Act, 2018, a recent but significant addition to the labour market interventions in Nepal is the Prime Minister Employment Programme (PMEP). Tailored as a poverty reduction and social protection through remuneration for work programme along India’s Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS), the PMEP is designed to provide minimum

Table 3: Beneficiaries impacted by the SSA programme, 2019-20

	Beneficiary Population	Eligibility Criteria	Monthly Payments (NPR)	Number of Beneficiaries	Total Population
1	Elderly	Aged 70 and older*	4000	1,057,376	1,033,150
2	Other Elderly	<ul style="list-style-type: none"> Aged 60 and older for citizens of Karnali province All Dalits above 60 	2660	300,394	2,521,230
3	Single Women	All the women who are single (unmarried or divorced) or widows and aged 60 or older	2660	94880	
4	Widow	Widow of any age	2660	658736	
5	Fully Disabled	Fully disabled persons who have obtained a red disability identity card from the government	3990	48387	
6	Severely Disabled	Severely disabled persons who have obtained a blue disability identity card from the government	2128	83755	
7	Endangered Ethnicities	Citizens of the following communities: Kusunda, Bankariya, Raute, Surel, Hayu, Raji, Kisan, Lepcha, Meche, Kusbadiya, Pattarkatta, Silkat, Kusavdhiya, Kuchabdhiya	3990	24478	
8	Children	At most two children per mother from the Dalit communities in the country and children of areas as per schedule 5 of Social Security Allowance Distribution Procedure, 2020	532	794221	
				30,62,227	

Source: Samajik Surakhya Karyakram Sanchalan Karyabidhi 2077 and Budget Speech 2020-21

*Minimum eligible age for elderly allowance under the social security programme reduced to 68 from 70 years from the fiscal year 2022-23

with disabilities, endangered ethnicity, and children constitutes the majority of the social assistance budget as well the overall national budget for social protection. Implemented by the Ministry of Home Affairs, Government of Nepal, budget allocations for this important national programme have increased substantively, from 0.7 per cent of the national budget and 0.1 per cent of the national GDP in 2000-01 to 5.8 per cent of the national budget and 1.5 per cent of GDP in 2015-16.

employment to all citizens and reduce the rising dependency on foreign employment by promoting domestic employment and entrepreneurship, and by public capital formation through development activities at the local level. For effective implementation of this programme, employment service centres have been established at local levels to identify and list the unemployed. The unemployed registered in these centres have been guaranteed employment for at least 100

days in a fiscal year. As mentioned earlier, this program is at a very nascent stage.

Our review suggests that beyond its development context, Nepal's social protection policies are influenced by international and regional trends as well as development partners. Holmes and Upadhyay (2009) suggest that cash transfer programmes such as the Ministry of Education's scholarship scheme and the Ministry of Health's maternal incentive scheme resulted from international agreements such as the global Education for All policy and the Millennium Development Goals (MDGs). As observed earlier, regional influences such as India's MNREGS and its old age pensions have also influenced Nepal's approach to social protection for its citizens.

Similarly, since 2005, the UN has advocated 'peace dividends'—cash transfers that encourage combatants and other citizens to be productive instead of arms-bearing. Similarly, UNICEF lobbied for a child grant to be given to all families nationwide as a 'peace dividend' and to improve child nutrition.

Nepal has a high dependence on aid in the form of Overseas Development Assistance and funders often influence the scope of social protection programmes and policies, with mixed success. Social protection in Nepal may be government-led but it is difficult to the quantum of support that is financed by the government versus donors. Gauging direct development partner funding for social protection is difficult as different documents cite different programmes and some do not disaggregate social protection funding from other sectors.

The National Planning Commission (NPC) of Nepal is the main institutional body that has the mandate to plan the budget for the country every year. In 2009, the NPC took the initiative to create a coordinated framework for Social Protection in Nepal by establishing a National Steering Committee on Social Protection chaired by the Member-Secretary of the Commission. This steering committee was supported by a group of development partners known as the Social Protection Task Team (SPTT) to help the Government of Nepal advance the National Social Protection Framework (NSPF). The Social Protection Task Team (SPTT) was originally constituted in 2005 to discuss peace dividends and the child grant but was later engaged to support the formulation of the NSPF. The draft NSPF acknowledges the role and contributions of development partners in social protection policy-making in the country.

Nepal's Fifteenth Plan (Fiscal Year 2019/20 – 2023/24) aims to expand basic social security coverage to 60 per cent of the population and to increase the social security expenditure by 13.7 per cent of the national budget by the end of the plan period.

3.1.4 Evidence from the Implementation of Social Protection Policies and Programmes

Our desk review sought to consolidate evidence around the gender-responsiveness and gaps and barriers within the design and implementation of these social protection programmes. This review covered official data sources (e.g. Nepal's ranking in regional gender and development reports, national human development reports and surveys, and socioeconomic indicators compiled by international organizations) as well as pre- and post-pandemic academic literature.

3.1.4.1 Evidence from Pre-pandemic Literature

Summarising insights from previous reports, before the start of the COVID-19 pandemic, Nepal's social protection system faced the following gender-pertinent challenges:

- **Structural issues:** Various reports note that there is inadequate institutional structure and capacity to implement different social protection programmes in Nepal apart from formal sector social insurance programmes (provident fund, etc.). A 2017 ILO assessment underscores the absence of a systematic policy and institutional framework for social protection. This is reiterated in the 2021 World Bank review which notes that in the absence of an overarching policy and institutional framework, planning for social protection programmes has been ad hoc leading to poor coverage. The National Planning Commission, in its assessment of Nepal's social protection programmes, critiques that existing social protection programmes, which are based on different policies, legal frameworks, strategies and objectives, have resulted in a lack of clear directives and implementation strategies, inappropriate budget allocations and issues in benefits not reaching the target beneficiaries. The assessment also notes that the lack of integration of the other social sector policies with social protection policies has led to difficulties in accessing real needs and resources required for social protection programmes.

This has meant that programmes focus on singular interventions (cash, training, and so on) and are implemented in isolation from each other, thereby limiting the achievement of holistic outcomes. For instance, lack of coordination within early years programs undermines a holistic approach to child development, resulting in children not receiving all the benefits and services they are eligible for across social protection, health, and education.

Similarly, programmes targeted to the working poor do not address the multiple constraints that these households face, thereby limiting their transformational potential. In addition to limiting comprehensive outcomes, this lack of coordination has also increased duplication and administration costs. There are also no referral mechanisms that would allow individuals or households to navigate between programs, as their conditions evolve.

Scheme allocations are fraught with inefficiencies due to weak information systems and limited data and limited participation. Reporting requirements for federally budgeted and conditional grant-funded programs differ in their timing and procedures. In addition, budgeting and reporting use different categories, which prevent the analysis needed to improve allocation and efficiency, the monitoring of progress, and the oversight of programs.

- **Disproportionate benefits to men and privileged classes:** Formal social security inadvertently benefits men more than women, as educated men still represent the majority of government, military, and formal sector employment.⁶⁶
- **Failure to provide coverage for all:** Little coverage exists for working-age adults (no unemployment insurance, limited labour market programmes). Minimal coverage exists for informal workers outside the formal sector, and there remain noted exclusion errors for vulnerable populations due to difficulties in accessing services, for example, through lack of required documents or knowledge and mobility issues.⁶⁷ A particular challenge is registration for these programmes, with local governments struggling to organise registration given the disjointed civil

registration systems in the country. A 2017 ILO assessment underscores the gaps in coverage - pension schemes only cover public sector employees, and workers in the informal economy who make up more than 90 per cent of the total labour force in Nepal are not covered under any social security scheme (with the exception of the old age pension and other similar schemes under Social Assistance). Geographic disparities are only partially addressed by existing programs.

- **Gaps in beneficiary targeting:** Most programmes target beneficiaries based on categorical identities, geographic, demographic or social backwardness, and not poverty, leading to exclusion of families in need. Targeting efforts are also costly and often fail to protect those with multidimensional deprivations.⁶⁸ There is a lack of clarity around identification of the poor and vulnerable which undermines social assistance programmes, health insurance schemes and the PMEP (Prime Minister Employment Program), all of which target poverty reduction. Gaps in mapping beneficiaries have meant that some might be receiving benefits repeatedly while others may be deprived of any, leading to misuse of the resources and poor outcomes (National Planning Commission).
- **Disproportionate coverage of risks and vulnerabilities:** Nepal's National Planning Commission notes that there is a lack of uniformity in the distribution of social protection benefits. Overall, about three per cent of the total social protection expenditure is dedicated to labour market programmes. But they are very limited in size and scope and fail to provide a comprehensive package to address multiple constraints that poor and vulnerable households face. Likewise, over 50 per cent of the social assistance expenditure goes to the elderly, who make up less than 20 per cent of the total beneficiaries (and considering pensions, the elderly receives about 75 per cent of all social protection spending). The reasons are two-fold: first, some of the programs targeting children do not yet have full geographic coverage. Second, benefits that go to children are much smaller than the senior citizen allowances (child grant benefit is NPR 400 per month compared to senior

⁶⁶ Khanal, 'Social Protection in Nepal: An Overview.' *Development Advocate* 2 (1): 4-7(2014) and Koehler G., and N. Mathers, 'Dynamics of Social Protection in Fragile Contexts: Nepal and Myanmar.' *Global Social Policy* 17 (3). 2017, pp.347-352. doi:10.1177/1468018117729914

⁶⁷ World Bank, 'Strengthening Links between Social Protection and Disaster Risk Management for Adaptive Social Protection in Nepal.' World Bank, Washington, DC, 2018

⁶⁸ K. Roelen, and H. Chhetri, 'Improving Social Protection's Response to Child Poverty and Vulnerability in Nepal.' *Institute for Development Studies, Brighton*, 2016

citizen allowance which is NPR 3,000 per month). Similarly, scholarship for girls and Dalits for basic education is merely NPR 400 per year. These benefits remain low despite the growing consensus about the need to invest in early years for human development outcomes. Their low size limits interventional impacts on poverty and the development of human capital.

- Inadequate benefits to tackle poverty:** To date, Nepal does not have a cash transfer programme that is targeted at the poor, similar to the Benazir Income Support Program (BISP) in Pakistan or the Pantawid Familyang Pilipino Program (4Ps) in the Philippines. By design, few programmes explicitly aim to reduce poverty. The 2017 ILO assessment notes that cash transfers under the SSA are much lower than the poverty level, and are not indexed with inflation. Less than 40 per cent of households in the poorest quintile are covered by existing assistance programmes.⁶⁹ Typical benefit levels can range from Rs. 200-500 per month, which have been noted as “insufficient for the official poverty line of Rs. 1,600 per person per month”.⁷⁰ Key programmes like Child Grants and scholarship programmes have not been enough to cover the true costs families face.⁷¹ Some key programmes face budget deficits and are unable to scale to in-need beneficiaries.⁷² This probably partially explains the lack of substantial impacts observed of past programmes in decreasing levels of inequality across ethnic and gender lines.⁷³ The PMEP is targeted at the working poor but is not yet financed at the level required to cover all those who may be eligible.
- Capacity and implementation issues:** Following the switch to a federal structure and mandates for decentralization, there have been complications in implementing and administering SP programmes, leading to issues such as irregular and delayed payments to beneficiaries; additionally, civil registration and data systems need strengthening.⁷⁴ Local levels receive funds

from multiple sources, using different modalities. This creates a significant administrative burden for both the local government and service providers and affects service delivery. At the provincial level, the lack of clear guidelines on fund flow arrangements has led to delivery issues for some programs. Line ministries at the federal and provincial levels have broad mandates to monitor sectoral programme implementation. However, they have limited capacity and policy clarity to fully exercise this mandate.

- Nepal’s National Planning Commission underscores that although social protection programmes are administered by different ministries, the overall institutional capacity and human resources to manage these programmes are low. The Commission is critical in its assessment that lack of coordination between different ministries coupled with an absence of mandates for coordination or demarcation of duties and responsibilities have undermined programme implementation and outcomes and have also propagated an overall lack of accountability in administering these programmes.

3.1.4.2 Evidence from Post-pandemic Literature

Our review of post-pandemic literature suggests that after the onset of the pandemic, the Government of Nepal, much like countries around the world, made significant efforts to supplement its social protection programmes to support vulnerable populations during the pandemic, many of which addressed some of the gaps previously noted in the system. Such adaptations included expanding geographic coverage of certain region-specific programmes (Child Grant) and providing support to informal labourers (food assistance, public work guarantees, rent waivers).⁷⁵

However, recent reports go on to reiterate the aforementioned pre-pandemic gaps and challenges within the social protection system in Nepal, noting that these

⁶⁹ World Bank Group, ‘Nepal Development Update, April 2021: Harnessing Export Potential for a Green, Inclusive, and Resilient Recovery,’ 2021

⁷⁰ S. Khanal, ‘Gender Discrimination in Education Expenditure in Nepal: Evidence from Living Standards Surveys’, *Asian Development Review*, MIT Press, 2018

⁷¹ K. Roelen, and H. Chhetri, ‘Improving Social Protection’s Response to Child Poverty and Vulnerability in Nepal.’ *Institute for Development Studies, Brighton*, 2016

⁷² K. Roelen, and H. Chhetri, ‘Improving Social Protection’s Response to Child Poverty and Vulnerability in Nepal.’ *Institute for Development Studies, Brighton*, 2016

⁷³ World Bank, ‘Strengthening Links between Social Protection and Disaster Risk Management for Adaptive Social Protection in Nepal.’ World Bank, 2018, Washington, DC.

⁷⁴ K. Roelen, and H. Chhetri, ‘Improving Social Protection’s Response to Child Poverty and Vulnerability in Nepal.’ *Institute for Development Studies, Brighton*, 2016 and World Bank, ‘Strengthening Links between Social Protection and Disaster Risk Management for Adaptive Social Protection in Nepal.’ World Bank, Washington, DC, (2018).

⁷⁵ World Bank, ‘Social Protection and Jobs Response to COVID-19: A Real-Time Review of Country Measures.’ World Bank, Washington, DC, (2021).

structural and other issues including gaps in beneficiary coverage and targeting of the poor have exacerbated the adverse effects of the pandemic, particularly on vulnerable populations in Nepal.

For instance, the pandemic precipitated an acute health crisis in Nepal as in most countries across the world. As an emergency response to this crisis, Nepal increased health spending to include free health care to those that have tested positive for COVID-19 and also extended an insurance package of NPR 2.5 MM to healthcare and security personnel involved in treating COVID-19 patients. But reports also suggest the gaps and challenges in healthcare infrastructure and delivery during the crisis.^{76,77} It is important to note here that although the national health insurance programme aims to cover all households nationwide, currently, its coverage is low at 12 per cent of households. This raises serious concerns around the resilience of vulnerable populations to bear catastrophic health shocks caused by a pandemic context where the healthcare system is burdened on

programmes to scale up, and the absence of contingent funds linked to these programs.

3.1.4.3 Detailed analysis of Nepal’s Social Protection Architecture

NPC Classification of Social Protection Programmes

The National Planning Commission of Nepal classifies all its social protection programmes into three categories:

1. Social Assistance
2. Social Insurance
3. Labour Market & Employment Management

The Social Assistance category is an umbrella category that refers to all programs that are non-contributory in nature and mostly address the population that depends on the occupations in the informal sector. While the bulk of the money goes as pensions/ cash transfers to different sub-sets of the population listed in the table below.

1. Social Assistance - Cash Transfers		
1	All senior citizens above 70 years (3.6%)	Universal
2	All senior citizens above 60 & all Dalits in <i>Karnali Province</i> (economically backward area)	Targeted
3	Widows and other single women	Targeted to certain age groups
4	Disabled	Targeted
5	Certain ethnic groups	Targeted
6	Children below 5 years of age: <ul style="list-style-type: none"> • In Karnali province & certain backward districts • All Dalits children 	Targeted

many fronts including in areas of ramping up healthcare infrastructure, tackling the psychological and mental health of both healthcare providers and recipients and additional vulnerabilities of populations with co-morbidities.

Several miscellaneous cash transfers are clubbed under this category that are related to agricultural subsidy, educational support, health care support, housing, women empowerment, and relief.

Literature also underscores a more important point that existing social protection programmes in Nepal are designed to address chronic or static vulnerabilities and cannot scale up to respond to economic and other shocks. Any response to a shock, like the economic impacts of COVID-19, is complicated by the absence of databases to identify the most vulnerable, the inability of existing

2. Social Insurance	
1	Pension and Gratuity to retired formal sector employees
2	Employee Provident Fund to formal sector employees
3	Social Protection Fund
4	Health Insurance Board

⁷⁶ P. Neupane, et.al, “The Nepalese health care system and challenges during COVID-19” *Journal of Global Health*. 2021, doi: 10.7189/jogh.11.03030

⁷⁷ N. Shrestha, et al, “Health System Preparedness for COVID-19 and Its Impacts on Frontline Health-Care Workers in Nepal: A Qualitative Study Among Frontline Health-Care Workers and Policy-Makers”. *Disaster Med Public Health Prep*. 2021, doi: 10.1017/dmp.2021.204

The second category is termed as social insurance. Under this category, the following four programs are included. All these programs are contributory in nature and by and large address the formal sector employees, either past or present.

The third and final category is called Labour Market and Employment Management. The most important program in this category is



3. Labour Market / Employment Management

1	Financial Assistance for foreign employment
2	Prime Minister Employment Guarantee Program
3	Youth self-employment program

the Employment Guarantee Scheme which has been started recently and is in its incipient stage of development.

While such a classification has its uses, it does not provide a clear picture as to what percentage of the vulnerable population is covered and what percentage of the national budgeted is spent on which category and for what purpose.

Based on our analysis, and to understand where the money is going and to which sections of the population and to what extent we have created the following list. Table 4 shows how the budget is allocated and where the money goes.



Table 4: Budget Allocation across Social Protection Programmes and Other Schemes (year of data)

	Scehem/Programme	In US Dollars (Million)	%
1	Pension for Old age and other vulnerable sections (SSA)	565.8	43
2	Pension and Gratuity (Retired formal sector employees)	464.9	35
3	Agricultural input subsidy	144.5	11
4	Healthcare Support	77.3	6
5	Employment Guarantee Program	43.3	3.3
6	Educational Support + Midday meals	19.2	1.5
7	Others	4.9	0.4
	Total	1319.9	100

Figure 2: % Budget Allocation across Social Protection Programmes and Other Schemes

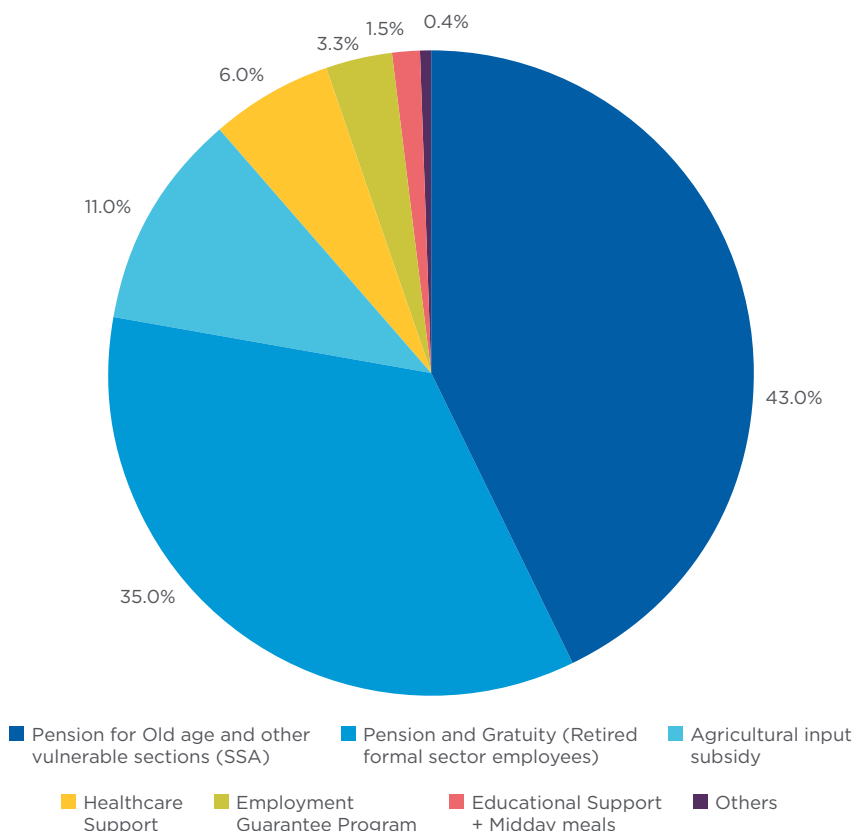


Table 5: Cash Transfers by Population Coverage

	Cash Transfers ⁷⁸	% of SP spending	Nature of Vulnerability Targeted	Coverage	% of total population
1	Age group 70 +	21	Old age	1,057,376	3.5
2	Single Women	12	Gender and age restriction	94880	2.6
3	• Divorced woman above 40 • Widow of any age			658736	
4	Old age pension (60+)	4.8	1. Old age 2. Economically backward regions 3. Dalit population	300394	1 (10% of the age group 60-70)
5	Child grant	2.5	1. Dalit 2. Backward districts	679,715	2.3
6	Disable (Fully & severely)	2.2	Disability	132142	0.5
7	Endangered Ethnicity	0.6	Ethnicity/ socio-economic backwardness	24,478	0.084
	Total	43.1		2947721	10.12

Table 6: Social Protection Spending on Retired Government Employees and Employment Guarantees

		% of SP spending	No. of beneficiaries / Coverage	% of total population
1	Pension for retired government employees (FY 2019-20)	35	250089	0.9
2	Prime Minister Employment Guarantee Scheme (workfare) (FY 2019-20 (employment received is 16 days on an average))	3.3	105634	0.4

If we examine the overall design of the social protection system in Nepal, we see that the bulk of the money goes to cash transfers. The largest proportion, 21 per cent of the entire social protection spending goes to the pension program for the population above 70 years. Everyone above this age gets a pension. It is the only program that is universal in nature. All other cash transfer programs are targeted and conditional. Another 22 per cent of the budget is allocated to cash transfers to different vulnerable groups. There are different ways the vulnerability is defined and targeted.

In Nepal, the population above 70 years constitutes 3.6 per cent of the total population – a million people. One-fifth of the SP budget goes to this section. The next important category that receives about 12 per cent of the social protection spending is women – widows and other single women. The vulnerability is determined based on gender and marital status, that is the absence of a breadwinner in the family. The next category that receives a pension is the population above 60 years – 5 per cent of the social protection budget is allocated to this category. There are about 2.5 million people in the age group between 60 & 70. The pension

⁷⁸ Source: Samajik Surakhsya Karyakram Sanchalan Karyabidhi 2077 and Budget Speech 2020-21

to this category is severely targeted - only to Dalits and to those in backward districts. Only about 250,000 people, i.e. 10 per cent of that population receive this pension. The next category is Child grants (for children below 5 years) that receives 2.5 per cent of the expenditure. This is also primarily targeted at the Dalit population and to those living in the backward districts. The same principle is used for disbursing child grants; however, the budget allocation is just 2.5 per cent of social protection spending.

Another important budget head is the Agriculture Input Subsidy which accounts for about 11 per cent of this budget and is administered by the Ministry of Agriculture and Livestock Development. It is not clear why this has been added to Social Protection spending under Social Assistance. Ideally, it should be under Agricultural Development or Support. The following table shows the break-up of this budget item.

Table 7: Break-up of Agriculture Input Subsidies by Schemes

	Social Security Assistance	Nature/Description Of Ssa	Nepali Rupees(In '000)
1	Special Agriculture production program	The subsidy is provided if the price of chemical fertilizer increases in international market above the pre-defined prices	100,000
2	Crop and livestock insurance	75% subsidy to farmers for crop and livestock insurance premium	4750
3	Bird-flu damage details	Provide to the farmers as relief assistance if they are affected by bird-flu	
4	Agriculture disaster management	Relief amount provided to the farmers in case of damage due to disaster	
5	Grant to sugarcane farmers	Subsidy provided to sugarcane farmers based on the production quantity	9,500
6	Interest subsidy	Subsidised loans to farmers for agriculture and livestock farming (Easy credit assess and interest subsidy)	50,000
7	Herbs cultivation technology and enterprise development grant		500
8	Food transportation subsidy	Food grain transport subsidies to remote district	5875

Of the over 80 social protection schemes that are in operational in Nepal supported by internal funds and funds from development partners, most of them (particularly pensions and cash transfers for vulnerable groups) are targeted based on social exclusion and vulnerability status; only public works programmes are poverty targeted. The main focus of Nepal's programmes has been on addressing lifecycle vulnerabilities with the biggest programs in terms of coverage (senior

citizens, widows/single women, and the child grant) defining eligibility largely in terms of demographic criteria. On paper, the current suite of SP programs goes some way to addressing historical and structural exclusion, with geographical targeting and eligibility defined by ethnicity/caste and gender being common across programs.

How are vulnerabilities identified? Who is in, and who is out?

On the whole, we see that 35 per cent of the SP spending goes to the retired formal sector employees who constitute 0.9 per cent of the total population. The remaining budget allocations are scattered into a number of programs.

Vulnerability is officially identified in a very arbitrary manner. In deciding vulnerability there are competing and intersecting considerations that the government takes

into account: historical, geographical and structural backwardness such as caste, ethnic minorities and geographical remoteness on the one hand, and life-cycle vulnerabilities such as old and young age and disabled persons, on the other.

Providing social assistance based on these competing considerations has at least three problems. One, it exacerbates existing inequities and can cause unrest among different socio-economic segments. Given

the poverty and deprivation is widespread in Nepalese society, such a targeting procedure would be seen as arbitrary and unfair by those poor who are excluded from the scheme. Altogether, the population covered does not exceed 9-10 per cent of the population.

Not Inclusion, but exclusion error: Further and more importantly, the social protection approach does not consider the vulnerabilities that are endemic to the Nepalese labour market.

Out of the total population of 29 million, the working-age population constitutes about 21 million (71 per cent). Within this subset, the population active in the labour market is 16 million. One of the most significant facts about the Nepalese labour market is that 60 per cent of the labour force (nearly 10 million)

works as unpaid labour, that is those who are involved in either family labour or subsistence activities that are unpaid. The next important category is that of informal wage workers. Of the eight categories within the labour force, except those employed in the public and private formal sector and the employer category which together account for 7 per cent of the labour force, all other categories can be classified as income insecure and economically vulnerable. Indeed, the 10 per cent of the population that gets government support by way of social protection in varying measures is included within this pool of the vulnerable population. It is against the backdrop of this vulnerability map that we need to evaluate the wisdom of making the selection that Government of Nepal has made in deciding who deserves support.

Table 8: Nepalese Working Age Population

	Total population	In Millions	%
	Working age population	21	71
	Age <15 years	8	29
	Total	29	100

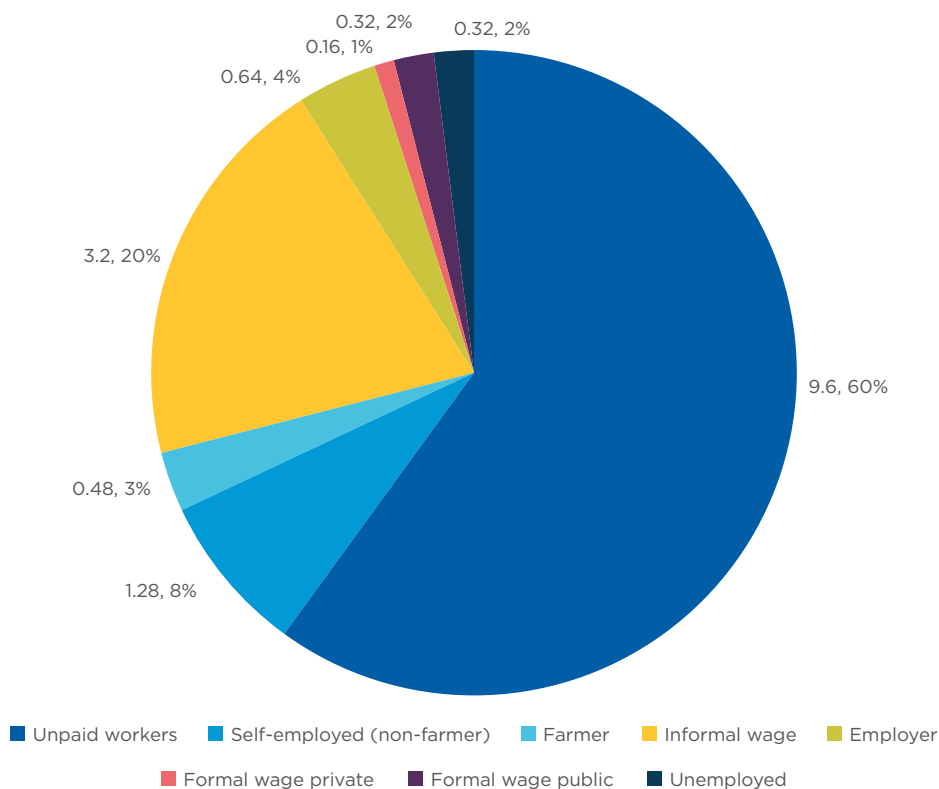
Table 9: Nepalese Working Age Population by Activity Status

	Working age population	In Millions	%
	Labour Force	16	77
	Inactive	5	23
	Total	21	100

Table 10: Nepalese Labour Force by Type of Employment

	Labour Force	16	100
1	Unpaid workers	9.6	60
2	Self-employed (non-farmer)	1.28	8
3	Farmer	0.48	3
4	Informal wage	3.2	20
5	Employer	0.64	4
6	Formal wage private	0.16	1
7	Formal wage public	0.32	2
8	Unemployed	0.32	2
	Total	16	100

Figure 3: Nepalese Labour Force by Type of Employment (2019-20)



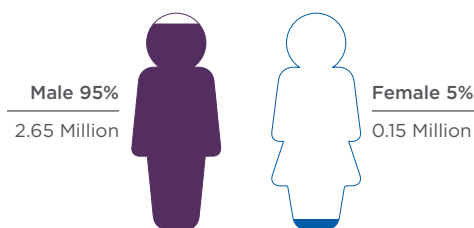
Gender Lens and Economic Vulnerability

An important characteristic of the Nepalese labour force is that it puts women structurally in a very disadvantageous position. If we examine the composition of the Unpaid Workers, 92 per cent are in rural areas working in agriculture. Only eight per cent are employed in non-agricultural occupations. Moreover, women constitute nearly 70 per cent of unpaid labour in agriculture.

Given the scarcity of well-paying jobs within Nepal, nearly three million workers migrate to other countries. Most of these workers are men. Women stay behind in the villages with their elderly and children. Secondly, whatever jobs that are generated in the urban areas are all taken by men. This pushes women to either unpaid family labour on the farms or to self-employment. This clearly points to the fact that it is women who experience extreme income insecurity and vulnerability. Further, they are forced to be dependents on the earnings of the men in their families.

Table 11: Gender Disaggregated Data on Farm and Non-farm Unpaid Labour

Breakup of farm-non-farm Unpaid Labour	In Millions	%
Farm unpaid workers	8.8	92
Non-farm unpaid workers	0.8	8
Total Unpaid workers	9.6	100
Gender breakup of Farm Unpaid Labour	In Millions	%
Female farm Unpaid workers	6	68
Male farm unpaid workers	2.8	32
Farm unpaid workers	8.8	100.0

Figure 4: Wage Employment in Nepal by Gender**Figure 5:** Wage Employment Abroad by Gender

These structural features are not considered while assessing vulnerability in society. In conclusion, we can say that in Nepal, the government's social protection approach does not reach a large section of the economically vulnerable population. It barely reaches an arbitrarily selected 10 per cent of the vulnerable population. If we consider delivery issues such as inclusion and exclusion errors in implementation, the coverage will perhaps come down even further. To improve the situation, one has to address both the design as well as delivery issues.

3.1.4.4 Gender-responsiveness of Nepal's Social Protection Architecture

In Nepal, the SSA programmes do play an important role in supporting the vulnerable and excluded population to meet their basic and immediate needs, and there are indications that programme outcomes can have positive spill-over effects on women and girls. For example, indirect benefits of receiving the transfers may include increases in women's mobility, exposure to public and private institutions, and improvements in financial inclusion and literacy. These effects can be particularly beneficial for women with disability and/or women from marginalised ethnic groups who face intersecting vulnerabilities and discrimination more acutely, which limits their mobility and access to services. Studies on the old-age pensions and single-women's pensions highlight the productive nature to which the incomes were used. A study by HelpAge noted that while a significant portion was used to cover individual healthcare costs, roughly 12 per cent was used directly on food, and household items, and to support care work for children and grandchildren. Indirectly, as much as 40

per cent of the transfer was shown to benefit children in some way.⁷⁹

Findings from this review suggest that there's a major gap in the existing SSA scheme as it is not explicitly designed to meet the needs of women and girls, who often face multiple and intersecting risks, inequalities and discrimination. The SSA programmes in general have not set out specific objectives (with the exception of the child grant which aims to improve children's nutrition) and this has hindered discussions on how the programmes might achieve better outcomes, especially for women and girls, beyond simply targeting "vulnerable" social groups. It is also clear that women and girls require considerable support in accessing and benefiting from the schemes. Whilst the move from manual payments to a national banking system for delivering the SSA payments can be beneficial for increasing women's financial inclusion, women's low levels of literacy and limited exposure to some public and private services means that they need to be taught how to use the banking system. This is especially the case for women with disability, and women from marginalized castes with lower levels of literacy and experience with financial institutions.



Despite investment in the systems underpinning the SSA schemes, the fact that there are no specified objectives of the schemes (with the exception of the child grant) makes monitoring and evaluation challenging. Further, disaggregated data on the beneficiaries is not readily available and not used to inform programme design, monitoring indicators are not developed, and there are no high-quality rigorous studies which specifically look at the gender and inclusion dimensions of the schemes.

⁷⁹ K. Roelen, and H. Chhetri, 'Improving Social Protection's Response to Child Poverty and Vulnerability in Nepal.' *Institute for Development Studies, Brighton*, 2016

Table 12: Gaps and Issues across major social protection programmes in Nepal as noted by NPC

Major SP Programmes	Present challenges
 <p data-bbox="280 237 643 271">Social Security Allowance</p>	<ul style="list-style-type: none"> • Increase in number of beneficiaries due to increased life expectancy and other reasons • The poor are affected since there is equal support for any income group • The information system has not been able to prevent the recipients of various types of services from receiving double benefits • Beneficiaries are dissatisfied with the definition of single woman and the possibility of re-determining the age of assistance • There are complications in managing the records of remarriage • Child nutrition allowance is not fully integrated with the birth certificate and does not cover all children • The classification of disability could not be made scientific and objective. The distribution of allowances has not been effective for people with severe spinal cord injuries, haemophilia and other disabilities, even among the severely disabled. The allowance distribution process has not been transparent and effective
 <p data-bbox="280 981 523 1043">Rescue and relief assistance</p>	<ul style="list-style-type: none"> • Relief and rescue operations for the disaster-stricken group are based on pre-emptive decisions • Emergency rescue assistance could not be integrated into the banking system • There is no flexibility in programs to provide assistance automatically in case of disaster • Procedures are modified from time to time by the Ministry of Home Affairs but its information reaches less effectively to the affected people • Difficulties to collect documents including recommendations during the disaster • Error in data collection leading to omission of the real victims • To complete the process and the amount of transportation cost is more than the relief amount
 <p data-bbox="280 1547 616 1731">All types of scholarships - Dalits, girls, disabled, deprived, marginalized and endangered, school lunch, residential school support etc.</p>	<ul style="list-style-type: none"> • Class (poor) should be basis of the target rather than ethnicity / gender • While the local level should formulate and implement the policy according to the local environment, the same policy are formulated and implemented by the centre in all local level • At the local level, the production are less and the existing products are not included in the midday meal programs in the schools • Difficulties in keeps the records of the scholarship amount to be distributed by all the three levels of government due to poor record keeping practices • Records of expenses and beneficiaries of World Food Program programs have not been managed.

Table continued to next page...

	Major SP Programmes	Present challenges
	All types of basic and free health care and treatment (maternal safety, antenatal care, maternal and child nutrition supplementation, integrated child health and nutrition, poor health care, senior citizen health care programs, etc.)	<ul style="list-style-type: none"> • The total expenditure on procurement of medicines from the local level could not be ascertained • Lack of easy access to infrastructure for persons with disabilities due to lack of effective implementation of the Act on Rights of Persons with Disabilities • As the basis for selection of poor citizens has not been decided, the local level has been recommending all those in demand as poor • Delay in implementation of poor household identity card
	Social Welfare Program (Senior Citizen Health Treatment, Senior Citizen Transport Facility, Air Rescue Service, Child Welfare Assistance etc.)	<ul style="list-style-type: none"> • Programs related to social welfare and child protection and protection of interests are centered in Kathmandu • Available of Air Rescue Coordination Unit and Helicopter Facility Center only at centre • Lack of system for fast flow of information • Lack of suitable helipads at all local levels • To demand rescue support without seeking treatment from the local health institution
	Agricultural Production Program (Crop and Livestock Insurance, Bird Flu Compensation, Agriculture Sector Disaster Management Program, Sugarcane Grower Farmers Grant, Herbal Farming Technology and Enterprise Development Grant etc.)	<ul style="list-style-type: none"> • Even if there is provision of subsidy in the chemical fertilizers, It takes a long time for transportation • As the fertilizers needed to import from other countries, there is no timely supply of fertilizer to the farmers • Less attraction in crop insurance due to lower prices (coverage) • Prolonged process of payment of insurance claims • Failure to compile actual details of the damage • Longer time for farmers to get relief money
	Health Insurance Board	<ul style="list-style-type: none"> • There is a belief that treatment should be given only from government health institutions. • There is no ownership of state and local government. Documentation / billing / claims system complicates overall service delivery.
	Foreign Employment Assistance and Foreign Employment Welfare Fund	<ul style="list-style-type: none"> • The process for families to receive assistance from the Foreign Employment Welfare Fund is cumbersome and time consuming.
	Contribution-based social security programs and other labour and social security programs	<ul style="list-style-type: none"> • Although legally mandatory, many employers are reluctant to join the program
	Prime Minister Employment Program	<ul style="list-style-type: none"> • Details of all unemployed could not be entered in the employment management information system • The system of providing subsistence allowance to the unemployed has not been developed • The choice of the beneficiary could not be realistic • The wage rate is lower than the local level • Activities are conducted only at the end of the fiscal year

3.1.5 Conclusions from Literature Review

A review of pre-and post-pandemic literature suggests that even though Nepal's investments in social protection have yielded some notable outcomes in terms of poverty reduction and human development gains but gaps remain, especially in meeting the needs of the excluded portions of the society, including vulnerable women. Various social protection schemes and programmes have been launched by successive governments over time, with programmes operating in separate ministries with separate budgets and implementation structures, and no unified framework with holistic definitions, goals, and policies. Most programmes, therefore, fail to tackle underlying structural issues. The current system remains fractured, with important implications for women and girls.

How are vulnerabilities assessed and conceptualised in Nepal's social protection programmes?

On the whole, we see that close to 40 per cent of social spending goes to retired formal sector employees. The remaining 60 per cent of budget allocations on social spending are scattered across a number of programs, not specifically addressing the needs of a large portion of women living in poverty and falling victim to different types of abuse. Vulnerability is conceptualised in a very conventional and ad hoc manner. In deciding vulnerability there are competing and intersecting considerations such as social backwardness (caste and ethnic minorities), old age and young age, geographically underdeveloped regions, and so on. Calibrating the provision of social assistance based on these competing considerations exacerbates the existing inequalities and can cause resentment among marginalised segments of society. Given the widespread prevalence of poverty and deprivation in Nepal, such a targeting mechanism would be seen as arbitrary and unfair by those vulnerable populations including women who are excluded from existing schemes. Altogether, the population covered under social protection does not exceed 9-10 per cent of the population.

Further and more importantly, the extant Social Protection approach does not consider the real vulnerabilities that are endemic to the Nepalese labour market. An important characteristic of the Nepalese labour force is that it puts women in a very disadvantageous position. Given the scarcity of remunerative employment opportunities in Nepal, nearly three million workers, mostly men, migrate

to other countries. Women stay behind in the villages with their elderly and children. Secondly, women are crowded out of the job market, as jobs generated in urban areas in the domestic labour market are predominantly taken by men. This lack of opportunities compels women to engage in unpaid family labour on the farms or self-employment.

Thus, a combination of intersecting structural factors has resulted in extreme income insecurity and vulnerability for women in Nepal. So far, these structural features have received scant consideration while assessing vulnerability in the country. Improving women's access to social protection programmes requires interventions both at the design as well as delivery levels.

The gaps present in Nepal's social protection architecture are not unique, but reflect broader challenges faced by low- and middle-income countries in providing basic rights and entitlements to all citizens. In the light of severe social and economic impacts caused by the COVID-19 pandemic, basic income holds promise in broadening income protections for vulnerable groups, particularly in the face of economic and environmental shocks. In the aftermath of the COVID-19 pandemic, an inclusive basic income model can help to address the disproportionate gendered impacts of the pandemic, including the increased burden of unpaid care and domestic work on women, as well as the greater insecurity of employment for many women working in the informal sector or as unpaid helpers in household enterprises. In line with these objectives, a recent UNDP rollout of a Temporary Basic Income (TBI) for working-aged women (aged 15-64) as a short-term basic income guarantee to support the global COVID-19 recovery could offer important insights into the extent to which women centred TBI would enable greater gender-sensitive recovery efforts and address gender-based violence and other inequalities - by acknowledging the gendered dimensions of the pandemic, supporting access to basic needs, compensating against lost wages and income, and boosting women's economic activity and independence.

3.2 Stakeholder Consultations

3.2.1. Objectives of Stakeholders Consultations

To triangulate our findings from the literature review and improve the proposed basic income approach and ensure that it is

context-sensitive, we conducted in-depth interviews and consultative workshops with the following key stakeholders to confirm the rationale and objectives for a gender-responsive BI, establish the broader scope and design for the proposed BI approach and understand its broader feasibility.

- Policymakers across relevant government ministries, PMO, departments and National Planning Commission,
- Civil Society Organisations,
- International development organisations working in Nepal, including the World Bank (SPTT)
- Local academia and experts

As noted earlier, the consultations were aimed at:

- Understanding the local policy discourse concerning social security and social protection.
- Generating shared understanding on themes around the idea of basic income
- Study team listening to perceptions of different stakeholders regarding basic income objectives (maintenance of living standard vs. poverty alleviation, etc), and scheme characteristics deriving from common design principles such as population characteristics (urban vs. rural, high vs. low vulnerability, individual vs. household), number of people getting the basic income and distribution (saturated vs. targeted population, universal with no means-testing by income, age, gender or other individual characteristics), amount payable (rate, multi-level vs. single-level, basis for BI rate), duration and periodicity and payment type (regular – monthly, weekly, fortnightly; cash vs. in-kind vouchers), conditionality (basic income as a right or based on predefined conditions such as access to other social protection entitlements), understanding diverse views around how a such a scheme will interact with the existing programmes in Nepal – whether the proposed approach will replace some of the existing social protection programmes or will entail a redesign of existing programmes. This last component carries implications both for the recipients of existing programmes as well as the financial feasibility of a basic income scheme, because existing budget allocations for social protection benefits may be a potential funding source for the proposed BI.

3.2.2 Identification of Stakeholders

In Nepal, the local social policy discourse is determined by several actors: Policy-makers from the government, various international development actors, civil society actors, middle and provincial-level bureaucracy, local academia and journalists, and so on. To identify the participants from each of these sub-groups, support was taken from the UNDP RC, UNDP Nepal and UN Women. Annexure 1 has a list of stakeholders who were consulted to strengthen our study findings.

3.2.2.1. Online Consultations

Several interviews and consultations were conducted between June and August 2022 with diverse stakeholders.

3.2.2.2. Visit to Nepal

All the workshops and three interviews took place when the study team visited Nepal from 19th to 23rd September 2022. The list of individuals representing diverse stakeholders was identified based on inputs from UNDP, UN Women and UNRCO Nepal. The study team is also thankful for their valuable guidance on structuring the consultations in a manner that will elicit key insights that can help refine our recommendations on BI in Nepal.

3.2.3. Key Insights from the Consultations

Basic Income is a relatively new idea in the social policy discourse. This is as true of Nepal as it is in the rest of the world. During our consultations, there has been, in general, a sense of bewilderment at the basic income characteristics such as universality and unconditionality, particularly given the fact that nearly a quarter of Nepal's national budget comes in the form of foreign aid. The idea of basic income as articulated by this study team seems to run against the current paradigm of social policy thinking globally whose central pillar is the contraction of state's spending on social protection and in its place deploying market-centric instruments such as insurance and contributory social protection schemes. Even though it may seem that these are two contradicting frames of thinking, it must be clarified that basic income is not conceived as replacing the existing modes of social protection but can co-exist with them. The moot question is what would be a viable mix? This indeed is a difficult question, and there is no universal and absolute answer. The mix needs to be locally and contextually articulated, negotiated and designed within the possibilities of the given

political economy. It is in this spirit that the consultations have been conducted.

1. On the successes and the failings of Nepal's Social Protection system

At four per cent of the GDP and 13 per cent of the National Budget, there is widespread consensus that social protection spending in Nepal is high and is set to grow. The challenges raised by stakeholders were largely consistent with our findings from the literature review. Broadly, these include:

- The vast scope of targeted programs do not explicitly state intended objectives or evidence of impact,
- Perceived lack of fiscal space for expanding social protection,
- Targeting challenges including beneficiary identification and other inclusion/exclusion errors,
- Administration challenges including leakages and last-mile delivery
- A large number of undocumented residents

Despite these shortcomings, social protection has been a strong policy priority of the government of Nepal is a noted success. Existing schemes are designed to address a wide range of vulnerabilities and there exists a senior citizen pension scheme that has universal coverage within the targeted group of population above 70 (about a million people).

However, there is now a growing emphasis on contribution-based schemes such as insurance for health or livelihoods which are welcomed by stakeholders considering the overall low fiscal space for social protection. Another emerging success around implementation and last-mile delivery involves efforts such as digitisation and use of banking channels.

2. Stakeholder views on sections constitute the most vulnerable sections of Nepalese society unreached by its social protection system

Nepal's social protection system addresses a number of vulnerabilities such as old age, widowed women and single women, Dalit families, endangered indigenous groups, and backward distant areas. However, the system leaves behind the most vulnerable groups such as informal sector workers who constitute more than 95 per cent of the working population - rural and urban,

undocumented residents and displaced populations. Certain categories of the working populations are covered by some schemes mentioned above. However, what we need to stress here is that informal workers are not seen in the system as income vulnerable, and no social protection schemes specifically address economic vulnerability.

Participants felt that the system is gender-responsive to a limited extent in the sense, widows and single women are targeted in the social assistance schemes. However, it does not address women workers in the informal sector, intra-household inequalities and consequent vulnerabilities; care work done by women goes unpaid. Issues in targeting and beneficiary identification in the existing system also mean that even where SP programs are available, large sections of women who are subjected to socio-economic marginalisation remain excluded or unable to avail of the existing programs.

It was felt by some of the participants that a basic income could potentially address the structural marginalisation and income vulnerability of the women population in a big way since it would be given to every person irrespective of their work status. The current system targets only certain categories of women which is a very small percentage of the entire women population in Nepal.

More recently, the COVID-19 pandemic has revealed a higher level of vulnerability in the economy which requires considered attention in the SP system. Overall, there was consensus among stakeholders that vulnerability is complex and the existing welfare paradigm in Nepal may need to be revisited and alternative thinking and approaches to social protection such as BI must be explored.

3. Perceptions about possible improvements to provide social protection to all Nepalese citizens

The stakeholders agreed that improvements both in design and delivery were needed to ensure that the social protection system in Nepal addresses the needs of all residents. From a design standpoint, current policy discourse is centred around contribution-based social security provisioning as an important way to increase social protection coverage in Nepal. While there is a strong recognition of the need for expanding social protection, the lack of fiscal space is an equally strong concern. Hence, there

is an inclination towards market-driven social protection schemes to complement government efforts. Contributory schemes such as insurance fall under this discourse and have garnered considerable policy attention and support. Digitalization initiatives are noted as an important way to improve coverage and minimize gaps in delivery, including reducing administrative burden, programme leakages and beneficiary identification errors.

4. Perceptions about whether the idea of Basic Income is useful in rethinking social protection in Nepal

Basic income, as highlighted earlier, is a relatively new concept in Nepal. Stakeholders consulted for this study held varying levels of awareness and positions around the core characteristics of basic income. Some of the senior policymakers felt that a basic income, in principle, is a good idea. It is an approach that helps to address the empowerment and deprivation questions of the population, and equally, it would play a significant role in decreasing consumption gaps. However, as beneficiary targeting is central to the design of the conventional social protection architecture in Nepal, participants at varying levels exhibited resistance, particularly around the core basic income design elements of universality, unconditionality and cash-only:

- There were concerns about whether the unconditionality element of the approach may enable dependency and reduce labour market participation.
- Stakeholders also raised concerns about the implications of an unconditional scheme on efficiency and productivity, and workforce motivation/participation.
- A recurring concern was around the limited fiscal space to support the implementation of a large or full-scale basic income programme in Nepal, particularly considering the existing scope of social protection programs. There are already several social protection schemes being implemented in Nepal with substantial pressure on the national budget. Hence, introducing yet another programme may not be feasible for the exchequer. Hence, it was suggested that a basic income programme may be and should be integrated within the existing social protection framework in Nepal.
- Concerns also emerged around how the new approach will interact with the

existing social protection programs, and to what extent it will replace or complement existing programs.

- It was noted that social protection programmes are usually backed by a political agenda and withdrawal of the ongoing programs may be difficult.
- These concerns aside, a majority of the participants welcomed, in principle, the idea of basic income and its potential to achieve improved socioeconomic empowerment outcomes and reduce consumption gaps and deprivation among the Nepalese population.
- Several participants acknowledged the potential role that a basic income scheme would play in providing autonomy and freedom of choice to the people.
- Concerns were also raised about the lack of effective channels and banking infrastructure in Nepal and this could pose challenges in the disbursement of cash to citizens at the last mile.

5. Perceptions about the opportunities offered by a basic income pilot

Barring a few exceptions, there was broad consensus among stakeholders regarding piloting a basic income programme. It was highlighted that the pilot would provide data for informing the discourse on the viability and feasibility of a basic income scheme in the Nepalese context. In the absence of data on what impact a basic income would have on the lives of people, the conversation would be based on opinions. Participants from the government have been quite positive and forthcoming to support and cooperate with the implementation of a pilot study. One of the participants who did not see any opportunity in a pilot said that the current programmes are already doing well, and that we should think of ways in which we can strengthen them.

6. Perceptions about cooperation from the government for a pilot

The importance of government support and ownership of welfare policies cannot be overemphasised. The consultations with government officials at the highest levels have been quite positive with regard to the implementation of a basic income pilot in Nepal. It was suggested that there should be a consultative process with regard to the design of a pilot. Barring some diverging views, a majority of non-government stakeholders consulted also welcomed the

idea of a BI pilot and its potential to enable evidence-based policy and public discourse around BI in Nepal.

3.2.4. Responses to some of the questions raised during Stakeholder Consultations

a. In the pilot, how much basic income is to be given and what should be its rationale?

This amount is normally context-specific. The general principle followed is that the amount should not be too small or too high. That is, it should not be so low that it has no impact on welfare outcomes, nor should it be too high that it acts as a disincentive to participate in the labour market or is seen as a windfall and create a sense of artificiality about it. Technically, it should be about 20-25 per cent of the prevailing poverty-line.

b. Why should children be discriminated against and given only half? Why should they not be given the same amount as adults?

This is also a decision that should be made by the local stakeholders. In principle, there is nothing sacrosanct about giving children half.

c. Why four control groups? This will increase logistics, cost and time. Is there a way we can reduce this?

It is preferable to have four control groups since we will have access to more data. This is so because getting control groups with exact matching of demographics and socio-economic profiles is difficult.

d. How should we select the sites for pilot implementation? What should be the basis for selection? This may have political implications, as there could be competing requests from local politicians.

The selection of sites for pilot implementation is a technical process and several parameters govern the final decision. Some of the parameters are the banking infrastructure so that the cash transfers are perfect, the logistics and accessibility so that the process of data collection is not affected, political stability so that the project's lifecycle is completed

peacefully, cooperation of the local authorities and political groups, technical matching of the statistical requirements, and so on. We need to remember that the criterion is certainly not 'where it is needed most'. The selection of sites is based on a combination of factors, some of which are mentioned above.

e. It is very important to coordinate with the local government for pilot

This is very crucial for the success of a pilot.

f. It is also very important to address the last mile delivery question, that is to open bank accounts to make transfers effectively.

This is one of the most important pre conditions of a pilot. That is the reason why there ought to be a preparatory phase of the pilot lasting about 3 to 6 months to erect this scaffolding. The ultimate objective is to ensure that individual receive cash every month without fail. This is the condition upon which the entire experiment rests.

g. What are indicators that we will use to measure the impact of a basic income in the pilot?

The list of indicators needs to be culled out from Nepal's development discourse. Generally, all the common development outcomes are included such as food consumption and security, nutrition, education, health care behaviour, employment choices, savings and investment patterns, entrepreneurship, environmental impact, impact on indebtedness, mental health, time sovereignty, etc.

h. When we implement a basic income in the pilot sites, are we going to suspend the existing schemes? Or, give the basic income as a top-up to the existing schemes? Should the senior citizens who (universally) get a pension of Rs. 4000 should also be paid a basic income in the pilot?

Since this is a universal scheme, that subset of the population can be excluded from the pilot. In the Namibian experiment, they were excluded, precisely for the same reason that they get a universal pension from the government.

At the Prime Ministers
Office with Secretary



With the former
Finance Minister

With the former RBI Governor and Finance Minister



With Finance Secretary



With Social Protection Task Team



With Academics

With Civil Society Partners



Study Team with UNDP team



With National Planning Commission, Nepal

4.

APPROACH FOR A BASIC INCOME PILOT IN NEPAL



The analysis points to an urgent need to reduce the vulnerability and distress exacerbated by the COVID pandemic and by the growing global economic crisis that is worsening unemployment, food insecurity and other socioeconomic challenges including gender vulnerabilities almost everywhere. Nepal is as exposed to these massive threats as anywhere. The adverse impacts of these crises are intensified by the inherent limitations of selective, targeted and conditional social assistance schemes, weaknesses that are particularly worrying in the context of chronic economic and social uncertainty. It is in that context that this report proposes an innovative basic income pilot that would provide recipients with basic economic security and that could set an example for an enlarged scheme and even a national policy.

In designing the pilot, a primary consideration is that the socioeconomic status, life chances and opportunities, freedom and well-being of women and girl children must have a very high priority. In making that objective the priority, we also recognise a simple reality, which is that in Nepal, as in every society, the gender objective of genuine equality will be more likely to be met if men and boy children also benefit and do not lose in absolute terms.

Any scheme that worsened the position of men and boys, or that left them just as vulnerable as before, would risk not only causing worse poverty and life-chances for all in the community but induce resentment and frustration among men that would easily make the scheme counter-productive. Under a basic income scheme, men and women would both gain, but women would gain more.

The proposal, in brief, is that two modest-size low-income communities, one rural and one semi-urban, be selected randomly, that is, selected from a large group of similar communities. Within each of the selected communities, every man and every woman who are usual residents at the time of the launch of the pilot should be paid a monthly basic income for 12 consecutive months, with an amount equal to half the adult rate being paid to each child under the age of 18, paid directly to the mother or the surrogate mother if the actual mother is dead, hospitalised or usually absent from the community. We recommend that UNDP constitute a Basic Income Pilot Advisory Committee comprising different stakeholders who can propose the potential pilot sites. Given that there may be potential competition amongst the stakeholders (local politicians, administrators, NGOs and others), the role of the Committee should only be to suggest potential sites. The

Scientific Committee would have the final say on the sites to be selected strictly on the basis of analysis of relevant data and other scientific considerations.

Given the reality of a universal pension in Nepal, there is a case for not including all pensioners from receiving basic income, but in this proposal, it is presumed that all adults would receive it and that all existing social assistance schemes be continued.

It is proposed that the amount of basic income for each adult should be set to correspond to approximately 40 per cent of the poverty line, as defined by the World Bank, which is 1.90 USD per capita consumption per day. This would not be a 'full' basic income, but it would make a substantial difference to the material living of everybody below or near being in income poverty. We will consider the method of payment later. Before doing so, let us review the reasoning behind the design of the proposed pilot.

4.1 What form should the basic income take?

The payments made in the pilot must correspond as closely as possible to what would be a national scheme. In other words, the pilot should be replicable and up-scalable. This means the basic income should be paid in cash, or a form easily convertible into cash, via a bank account, debit card or mobile phone. This implies that before the start of the pilot, we need to ensure that there is complete financial inclusion since the basic income transfers will be in cash to every adult individual. The cash for minors would be transferred to the mother. The basic income should be paid regularly, predictably and be stable, which means being paid monthly over a sustained and known period. It should not be paid as a lump sum – commonly called a 'capital grant' – since this would risk what is known as 'the weakness-of-will effect', where a person might spend it all at once on a reckless venture or on 'private bads'. By contrast, a modest basic income paid at regular intervals enables a person and a household to adapt to a higher level of income.

And the basic income should be *non-withdrawable*, which means participants must know that they will continue to receive it for the full duration of the pilot, without fear that somebody could stop the payment or take some of the money back, for whatever reason. The recipients must be informed in advance that neither of those actions will be allowed. For the sake of clarity, they should also be

informed in advance that the payments will be made by the end of the announced duration.⁸⁰

4.2 Why two communities and why random selection from the national database?

A pilot scheme is being proposed to begin with, and the scope of the intervention is small scale by design. Two predominantly low-income communities should be selected randomly for receipt of basic incomes, that is, they should be chosen from what ideally should be a national database of similar type communities.

For pragmatic reasons, the two should be of average mean population size. We will presume that the mean average is 500 persons, including children, which in Nepal probably means just over 100 households in each community. The selection of the communities should be done randomly, so that all such communities would have an equal probability of being chosen. This is to ensure there is no bias, for political or other reasons.

Should the average size be fewer than 500 persons, then it would be advisable to select three communities, with a target of at least 1,000 individual recipients. Preferably, a sample of 2,000 individuals would be appropriate, which might mean selecting four sampled communities. This would depend on funding.

4.3 Why four control communities?

Once the two communities have been selected for receipt of basic incomes, four other similar-sized communities with similar socio-economic structures should be selected randomly from the same data base, in which nobody would receive a basic income. These will be the 'control communities', that is, for making a comparative analysis of the impact of basic income. The main reason for having control communities is to take into account exogenous factors, such as a national economic recession or a natural shock.

If the sample of communities for receipt of the basic income were to be three, for the reason given earlier, then it would be advisable to have six control communities. Note that nobody in the control communities should receive the basic income. This could create

a challenge of securing cooperation from those in the control communities, which may induce a need for modest compensation for time allocated to complete evaluation survey questionnaires, or possibly a statement in the control communities that they would be included if a further pilot were to be conducted and a statement that they would benefit too if it were rolled-out as a national policy as a result of the pilot.

4.4. Who should receive the basic income?

Once the sample of two (or three) communities has been selected, the next issue is to decide who should receive the basic income. Three pragmatic rules should be followed.

i. 'Universality'

First, every person in the community, as defined below, should receive the basic income. The two main reasons for this procedure are, first, that there must be no scope for feelings of resentment at being omitted, which might lead to pressure from those excluded on recipients to share their income with them, and second and more importantly, that there are likely to be 'network effects'.

The latter means that community-wide effects are likely to occur. For instance, if everybody is receiving a cash transfer it is quite possible that extra spending on local investment will raise incomes by more than simply measured by the basic income payment themselves. And behavioural reactions may lead to increased income-earning activity by lower-income groups to a greater extent, leading to a reduction in income inequality in the community, an effect that was observed in the large basic income pilot in Madhya Pradesh, India. The multiplier effect of a basic income system may be as high as 1.3. What this means is that every dollar spent on basic incomes generates an extra 1.3 dollars in income from extra production.

One widespread claim, made especially by those unfamiliar with social protection policy, is that cash transfers should go only to those who are in 'poverty', since giving to the rich is unnecessary and would make the scheme prohibitively expensive. Although superficially appealing, this reasoning should be rejected, for several reasons.

⁸⁰ This may seem obvious, but a big basic income pilot conducted in Ontario, Canada was suddenly, without notice, suspended when there was a change of government, even though the party that won the election had committed itself to continuing the pilot to completion. The commitment from the outset should be regarded as legally binding.

First, in low-income communities, most people would be in poverty or close to being in it, or fluctuate between being below or above any designated 'poverty line'. In practice, applying a poverty line as a rule of entitlement would be arbitrary and unfair. Some people would be classifiable as poor in one month or season and not-poor in another. Second, it is often extremely hard and even arbitrary to measure who is at or below such a poverty line.

Third, it would mean there would be a 'poverty trap'. If only the poor were to receive a basic income, then any effort to climb out of poverty would presumably result in a loss of entitlement to the cash transfer, and would thus act as a disincentive to investment or more labour or work. A person could find they would lose more in lost benefits than they would gain by earning more. By contrast, a proper basic income would enable a person to gain more by working more.

And fourth, paying everybody in a community as equals and unconditionally would tend to strengthen feelings of social solidarity and community cohesion. It might also lead to communitarian economic initiatives, as has been observed in other parts of the world.

ii. 'Usual residents'

The second entitlement rule is that only the usual residents of the community should receive the basic income. Usual residents are those who usually live in the community, even if they are temporarily away at the time of the launch of the pilot, where 'temporarily' should be defined as for up to three months. It is important to identify all usual residents, which means that once the sample communities have been selected, a household listing must be carried out, just prior to the launch of the pilot. Only those people identified in the listing by name and household would be considered for receiving the basic income.

A usual resident can be defined as anybody who has been living in the household for at least three months and expects to continue to live in the household. For the sake of the pilot, nobody entering the household after the launch should be included as a basic income recipient, other than a baby of a usual resident. Anybody leaving the household and community once the pilot

starts should cease to receive the basic income unless they are expected to return within three months.

iii. Individuals, not households

A basic income is paid to individuals, and it should be paid equally to every individual, regardless of gender, household status or work status. It is very important that it should not be paid on a household basis, and should not be paid to someone identified as the 'household head', which typically means a man.

It might be suggested that to empower women, only women should be provided with the basic income. This would be mistaken for several reasons. First, if a cash transfer were given only to women, that would have to be shared with all members of a household, meaning it would be a smaller amount for a woman in larger households. Second, if given only to women, that would be likely to cause resentment among the men and so cause intra-household tensions. Third, by giving the same amount to every man and every woman, the scheme would reduce inter-gender income inequality, because women typically have lower earnings, if any at all.

4.5 Duration of Pilot

It is recommended that the pilot be conducted for at least 12 months, and preferably for 18 months to 24 months. This would allow controlling for seasonal variations and would allow for behavioural variations to be captured. People take time to adjust to having a basic income, and those who have not had cash incomes before need time to learn how to manage their finances. Some commentators would suggest that much longer than 12 months is needed to see the full impact. This may be true to a certain extent. But experience has shown that the most substantial effects take place within a few months, on such key variables as nutrition, healthcare, schooling and economic activity.

The duration could be extended to two years if the budget allowed. However, it is recommended that the duration should not be longer than that, for two pragmatic reasons. First, a primary objective is to reach a policy decision on the desirability of implementing a basic income system as an integral part of the Nepalese social protection system. Second, any longer risks what is best described

as *project fatigue*, among both the team involved in implementing the pilot and, just as importantly, among the respondents.⁸¹

4.6 The Randomisation Issue

Some social scientists have adapted the methodology used for trials of medical treatment for social policy experiments, and some in their midst have gone further in saying that only experiments conducted as *randomised control trials (RCTs)* are valid. But there are significant problems in following the medical analogy. The idea is that the medical treatment (say, a pill) is given to a randomly chosen group of individuals, while an equally randomly chosen group is not given any treatment and a third is given a placebo, that is, what looks like the treatment but which is not, to control for psychosomatic effects.

There are two fundamental reasons why this cannot be applied in this way with a basic income pilot. First, there is no way of having a placebo. Second, and more importantly, it would be inappropriate to select only a random sample of individuals from across the population in the chosen communities. Some would come from large households, some from small; some would come under pressure to share their basic income with other household or community members, some not. Moreover, there could be resentment among those not receiving the ‘treatment’ (basic income).

Prominent economists have made other criticisms of the pure RCT approach in social policy experiments, including two Nobel Prize-winning economists.⁸² What we do want to emphasise is that the most important aspect is that the methodology and selection of respondents and recipients should be *unbiased*. Beyond that, we believe the communities should be randomly selected and the methodology should involve randomly-chosen respondents, as described below. As critics of RCT have correctly argued, the best method for evaluating the impact of a piloted treatment is the one that yields the most convincing and relevant answers to the questions posed in the hypotheses being tested.⁸³ And a pilot is better suited to

uncovering how and why an intervention does or does not work, rather than whether it is the right thing to do. Above all, it should be remembered that it is anticipated that a basic income scheme has community-wide effects, not just individualised ones.

4.7 Proposed Evaluation Techniques

The main purposes of a pilot are to evaluate the effectiveness of the ‘treatment’ (basic income) and to identify any indirect implications, including what are called ‘network effects’, that is, macro-level changes, and ‘feedback effects’, such as an effect on health, leading to an effect on work productivity, leading to a reduction in public healthcare spending, making the cost of the basic income funding less.

In those regards, it is essential to set out the main hypotheses to be examined before the pilot is launched, and to design the evaluation instruments to suit the specific hypotheses. It is proposed that the following are primary considerations, although government agencies and other institutional bodies working in Nepal may be invited to propose specific hypotheses that they consider relevant to their responsibilities.

Consider what are regarded as major hypotheses. One set of linked hypotheses is that a basic income paid to all members of a community would lead to a significant improvement in nutritional status, and that the improvements would be significant for women and girls and contribute to greater social cohesion, empowerment, and inclusion, and reduction in overall vulnerability. This would depend on how individuals and families spend the money. Cynical critics often claim that if low-income people were given a cash transfer they would waste it on ‘private bads’, such as tobacco and alcohol, and so that there would not be improvements in nutrition. The claims and counter-claims would be tested in the evaluation process. The evidence from elsewhere supports the hypotheses. In Madhya Pradesh, not only were there marked relative and absolute improvements in the nutritional status of young girls but an absolute decline in expenditure on private

⁸¹ Project fatigue may hit the widely advertised and well-funded basic income pilot being implemented under the general direction of GiveDirectly in Kenya. One scheme is involving provision of small basic incomes to 5,000 villagers in 44 villages over a period of twelve years. The main advisers to the project are well-established US academics with no experience of running basic income pilots. One can predict with confidence that some will have retired before the pilot is completed and others will have gained promotion or moved on.

⁸² A. Deaton, ‘Instruments of development: Randomisation in the tropics, and the search for elusive keys to economic development’, *The Keynes Lecture*, British Academy, 9 October 2008; J.J. Heckman and J.A. Smith, ‘Assessing the case for social experiments’, *Journal of Economic Perspectives*, 9(2), 1995, pp.85-115.

⁸³ M. Ravallion, ‘Should the randomistas (continue to) rule? (National Bureau of Economic Research, Working Paper no.27554, July 2020). Also see A. Deaton, ‘Randomisation in the tropics revisited: A theme and eleven variations’, in F. Bédécarrats, I. Guérin and F. Boubaud (eds.), *Randomised Control Trials in the Field of Development: A Critical Perspective* (Oxford, Oxford University Press, 2020).

bad. The World Bank also found cash transfers enabled families to cut spending on such bads.

A second major set of hypotheses that would be tested in this proposed pilot is that a basic income results in improvement in recipients' health, improvements in access to healthcare and improvements in the taking of medical treatment. Here again, it is expected that the positive effects would be significantly greater for women and girls than for men and boys, although all could be expected to benefit. This positive effect for women and girls comes from women having their own basic income and having the capacity to spend on their girl children.

A third set of hypotheses is that the basic income would result in improvements in schooling, with the relative and absolute improvements being greater for girls. The choice of indicators is important here, and should cover school registration, school attendance and school performance. And the evaluation should probe to find the reasons for any change. In pilots in Africa and India, the basic incomes have led to marked improvements for girls, with particularly strong positive effects on staying in schooling for longer as teenagers.

A fourth set of hypotheses is that the basic income results in significant improvements in women's status, within their families and households and the community more generally. This stems partly from being treated as equals with the men and from the fact that the women receive their basic income individually, not via a man, such as a husband or father. Among the significant findings from other predominantly rural and informal economies is that the basic income permits and encourages women to take up income-earning economic activity, which enhances their independence and social status.

Other hypotheses will be tested in the course of the pilot, all with gender implications.

As for the method for making the evaluation, it should be conducted by what is sometimes called 'the mixed methods approach'. So, there should be formal statistical surveys, covering all basic income recipients and all control communities and households. There should be four rounds of such surveys. First, there should be a Baseline Survey, that is, one conducted before the basic income payments start. This should cover standard household characteristics (including health status, schooling and migrant status), behavioural variables (such as work patterns, income earning activity, use of healthcare facilities

and personal status in decision-making in the household) and attitudinal variables (particularly on gender issues).

Given the sensitivity of many of the issues, one important decision in any basic income pilot is to make sure women's opinions are sought, along with men. Many household surveys are biased by being addressed only to the 'household head', which is usually taken to mean a man, and in the presence of others. In this case, there should be a special effort to allow women to give their opinion independently, which means that an equal number of men and women respondents should be chosen and that women, in particular, are interviewed privately and in the strictest confidence. It should also be noted that when women are respondents the questionnaire should include questions pertaining to domestic violence. The household roster which will be part of every questionnaire should include questions pertaining to instances of suicide in the family, and so should community questionnaires with key informants.

Once the pilot is launched, there should be the first evaluation survey after six months. This should be called the Interim Evaluation Survey. As far as possible, this should cover the same subjects as the Baseline Survey. What the pilot is concerned about is to see if the basic income leads to changes in behaviour and changes in attitudes. In that regard, it is important to use the same reference periods in all rounds of the evaluation surveys, such as 'in the past month' or 'over the past three months'.

There are certain subjects that are hard to recall several months back, such as income and consumption expenditure. These should have a short reference period of 'past month'. Other subjects, such as work activity or illnesses and healthcare treatments, should have a slightly longer reference period, one reason being that changes in those are rarer, so a longer reference period will ensure more cases of change will be identified. Another essential rule is that as far as possible the same questions and same reference periods should be

After 12 months of the pilot (assuming the pilot is for 12 months), a Final Evaluation Survey should be completed. Again, the questions, reference periods and choice of respondent should be the same as in the Baseline and Interim Evaluation Surveys.

The scope of the pilot should also include a post-pilot Legacy Survey, that is a similar survey, which should be conducted six months

after the basic income disbursements have stopped. This will enable us to examine changes over a longer horizon.

Besides the four household surveys, there should also be a Community Survey of what are best described as Key Informants, such as local schoolteachers (on school attendance and performance during the pilot), local medical practitioners (on health in general, use of healthcare services and the taking of medicines) and local political representatives. The latter can be helpful for cooperation and will show that the pilot designers are not wishing to ignore or bypass them.

Finally, it is recommended that more detailed case studies are conducted over the course of the pilot, where a randomly chosen sub-sample of households is interviewed with structured questionnaires, allowing for unanticipated anecdotal evidence on side effects. This proved extremely valuable in the large-scale basic income pilot in Madhya Pradesh.

4.8 Potential for replication in other communities

Any pilot scheme must have two features – it must be replicable, that is, be applicable in other areas, and it must be ‘up scalable’, that is, it must be such that it could, in principle, be scaled up to regional or national level. The pilot design suggested in this report passes those tests.

4.9 Pilot Timetable

Given the complexity of any pilot, sufficient time must be built into the workplan to allow for the design of questionnaires, the training of enumerators and the obtaining of cooperation among local officials and prospective recipients. We propose that three months be allowed for this set of activities. Once the pilot is launched, presuming the duration of the actual pilot is 12 months, then data collection for the Baseline Survey would last an estimated six weeks and this

would apply for all subsequent evaluation surveys. Then time will be needed for the entry and cleaning of statistical data, and then for analysis of the data and preparation of a technical report for presentation to government, donors and social policy analysts.

Accordingly, the budget and staffing should be geared to the expectation that the project would last a total of 30 months, or two-and-a-half years. It will be a desirable feature that local Nepalese academic institutions be involved at all stages. The actual details of the budget will be based on the local context and conditions.

4.10 Source of Funding

It is beyond the remit of this report to propose financing mechanisms for the basic income pilot. It is presumed that the UNDP would wish to help finance it; perhaps the government would also wish to provide support. However, we also recommend that approaches be made to foreign aid donors and prominent philanthropists.

4.11 Other Considerations

A question arises whether or not this is the right time to launch a basic income pilot. This stems from concern that it has taken time to legitimise existing policies and so introducing something new would risk disrupting those policies and distracting the attention of those charged with implementing those policies. We recognise this concern. However, one of the problems in all countries is that insufficient attention is given to preparation of potential policies and inadequate attention is given to the proper evaluation of policies that are costing the government (and donors) a lot of money. In this case, the rationale for a basic income is strong. However, any national decision and any decision by potential international partners to support it should depend on evidence of its true effectiveness. This can only be determined through testing on the ground. This is why it is good that the project has support from the UN agencies and the World Bank.

5.

CONCLUSIONS AND RECOMMENDATIONS



Conclusions

6.1. The 2030 United Nations (UN) Sustainable Development Goals as well as World Bank's Country Partnership Framework for Nepal and the UN Capital Development Fund consider inclusion and resilience, with an emphasis on women's socioeconomic empowerment as important dimensions of sustainable global development. These frameworks advocate for innovative and inclusive social protection pilots to better understand their effectiveness in addressing the unmet needs of vulnerable populations, including women. As a young republic, Nepal has made rapid strides in developing a strong social protection system. The task now is to build on current strengths and take it to the next level of effectiveness in terms of inclusive design, coverage, and delivery, to ensure needs of the vulnerable masses are met.

6.2. The strongest and most robust piece of the current system is the pension for senior citizens above 68 years old.⁸⁴ Interestingly, this is universal, in the sense that every individual above this age receives it, irrespective of their work status. There is no means-testing either.

6.3. Along with this program, certain other vulnerabilities have been identified – single women, disabled, children, special attention to backward areas, etc. Cutting across these, the socially backward castes – the Dalits and the endangered indigenous people – have also been identified as the criteria for social assistance and support.

6.4. Apart from the old age pension, all other social schemes are targeted and selective. That means they depend on some form of means test. Old age pension is universal for all persons above 68 years old irrespective of their means, and it is unconditional. There is however an option for any person to give up the benefit and withdraw from the scheme.

6.5. According to government sources, the total coverage of the Social Protection system is around 16 percent. That 16% of the population is receiving some benefit from one program or the other. However, it must be pointed out the social protection *footprint* in these different target groups is of varying degree, and not uniform. In case of cash transfers, the amounts vary between Rs. 500 to Rs.4000. There seems to be a certain arbitrariness about who gets how much.

6.6. The study team believes that any form of targeting is bound to be arbitrary and would

create severe inclusion and exclusion errors at the operational level and equally in the actual delivery. International evidence on this from the past hundred years is overwhelming.

6.7. Given this context, it follows that the current social protection architecture excludes a large section of the population. Millions of rural and urban workers, which includes women, for instance, do not get any kind of protection since *income vulnerability is not a criterion for providing support*. Equally so, a large number of subsistence farmers experience income vulnerability and insecurity, meaning that a very large section is excluded from the SP system. Some of them are covered as the above-mentioned targeted groups, but the percentage of that coverage is small.

6.8. The study team has highlighted these unfortunate exclusions and note that amongst the silent majority that is excluded, women constitute the majority.

6.9. We strongly feel that there is an urgent need for **innovation** that will address specifically the excluded sections of the population. And lead the nation to create a social protection system that will reach every vulnerable person in the country.

6.10. The old age pension model in Nepal is a good precedent of universality and unconditionality, which could act as a foundation for evolving a Universal Basic Income model of social protection, which the study team recommends.

6.11. The study team strongly believes that a basic income policy which is universal, unconditional, periodic, and individual is most suited to the current Nepal context to provide income security to the entire population, which is constitutionally mandated. Given that there is already a precedent at the old age pension system which is universal (to one vulnerable section of the population), unconditional, periodic and individual, a basic income system is not an alien concept to Nepal. We are of the view that even if the amount is small, it is important to affirm the principle of providing income security to all. It may be recalled that when the old age pension was first implemented in 1994, it was Rs. 100, and was meant for persons above 75 years and initially piloted in five developmental regions.⁸⁵ Subsequently, because of its positive effects on the Nepalese society, the dynamics of the political economy have led to the current situation of Rs. 4000,

⁸⁴ <https://myrepublica.nagariknetwork.com/news/govt-reduces-minimum-age-limit-for-elderly-allowance-to-68-from-70-years/>

⁸⁵ Article by Irudaya Rajan (2003) of Centre for Development Studies, Trivandrum which can be accessed here: https://www.chronicpoverty.org/uploads/publication_files/CP_2003_Rajan.pdf

for all senior citizens above 68, and in the entire country.

Recommendations

6.10. Based on the analysis presented in this report, there is an urgent need for policy makers and other development stakeholders to look at the current social protection system from the lens of inclusions and exclusions and consider income vulnerability of different sections of the population as an important criterion for support and social security.

6.11. One of the innovative ways of addressing the current gaps is to consider a basic income as forming an important part of the social protection mix, not as an alternative to any particular scheme but as a potential anchor.

6.12. This proposal raises many questions, particularly around how the introduction of a basic income would interact with existing programs. Equally important questions would revolve around the likely impact of a basic income on the income vulnerabilities of the population.

6.13. The answers to these questions are context specific. It is recommended that there should be a basic income pilot in Nepal, which would provide context-specific evidence of what a basic income could or could not achieve.

6.14. The discussion about the much-needed innovation in social protection would be meaningful only if there were evidence about what a basic income could achieve. If the basic income showed strong positive results, existing schemes could be modified, and an innovative mix of instruments / schemes could be designed for optimum effect for the entire population. We want to reiterate that the project team does not visualise a replacement of all schemes by a basic income. A context-specific discourse is needed, and innovation should happen in the light of evidence rather than be based on ill-informed opinions or ideologies. The objective is to refine the system so that nobody is left behind in receiving support.

6.15. A basic income ought to be seen as an investment in people, not just as an alternative to the current social protection system. A basic income is like drip irrigation that feeds every individual, and thereby every household, and empowers people. All the pilots in the past have shown that this model generates bottom-up emancipation and empowerment, and therefore what we understand as development.

6.16. On the question of developing a gender-responsive basic income, it is believed that the cause of women would be best served, not by targeting them but by giving a basic income universally to everyone and making them a part of a universal entitlement and treating them as equal citizens. Pilots in various countries have shown that this is the case. The pilots in Delhi and Madhya Pradesh in India, largely funded by UNICEF and UNDP, showed that both men and women supported that. It can be backed by involvement of women's civil society organisations, as was the case in Madhya Pradesh, through SEWA, the Self-Employed Women's Association, a trade union body. Such initiatives can always benefit from the backing of the World Bank and other international organisations. Collaboration will always be the optimum way forward.

6.17. In the context of Nepal, the existing Social Protection Taskforce Team which comprises of several international development agencies is an ideal forum to open conversation about the glaring exclusion of a large section of the population from any kind of social protection. With that as the starting point, the conversation should result in an innovative pathway that can make the social protection coverage to the entire population.

6.18. The UNDP and UN-Women have a specific mandate to evolve gender-responsive income security policies so that no one is left behind. We strongly recommend that these two agencies initiate a pilot study at the earliest.

A pilot study serves two essential functions. One, it provides us with scientific evidence which is necessary to take any public discussion about basic income seriously. A second and equally important function is that a pilot study right from its inception generates a public debate and a conversation. This is where the civil society organisations, the political parties, and the academia get engaged in the discussion about income insecurity and vulnerability and what could be the potential ways of remedying the current situation.

In effect, a pilot study engages all sections of the society in forging new and innovative policy measures that benefit the entire population of the nation. It is indeed a good democratic practice to allow a policy to emerge out of a public conversation that is based on scientific evidence. The existing evidence about basic income from other country contexts is useful, but it is the evidence from Nepal's own context that generates most relevant and valuable inputs for national policy making.

ANNEXURE 1

DETAILS OF STAKEHOLDER CONSULTATIONS



List of Online Consultations

1. Consultation Meeting with Pokhara University TBI Study Team
2. Consultation Meeting with Kiran Ruphakheta, Joint Secretary, National Planning Commission (NPC)
3. Meeting with Basic Income Study Team UNICEF
4. Meeting with Basic Income Study Team and World Bank
5. Meeting with Gandaki Province (Local Government Officials)

List of participants in the online consultations

Consultation Meeting with Pokhara University TBI Study Team	
Namraj Dhama	Pokhara University
Arjun K. Thapa	Pokhara University
Nanda Ram Gahatraj	Pokhara University
Binda Magar	UNDP
Geetanjali Rai	UNDP
Satish Pandey	UNDP
Nita Neupane	ILO
Navanita Sinha	UN Women
Sarath Davala	UBI Study Team
Sujatha Srinivasan	UBI Study Team
Ram N. Shrestha	UBI Study Team
Consultation Meeting with Kiran Ruphakheta, Joint Secretary, National Planning Commission (NPC)	
Dr. Kiran Rupakheta	National Planning Commission
Binda Magar	UNDP
Geetanjali Rai	UNDP
Nita Neupane	ILO
Navanita Sinha	UN Women
Guy Standing	UBI study Team
Sarath Davala	UBI Study Team
Sujatha Srinivasan	UBI Study Team
Ram N. Shrestha	UBI Study Team
Meeting with Basic Income Study Team UNICEF	
Thakur Dhakal	UNICEF
Binda Magar	UNDP
Geetanjali Rai	UNDP
Sarath Davala	UBI Study Team
Sujatha Srinivasan	UBI Study Team
Ram N. Shrestha	UBI Study Team

Table continued to next page...

Meeting with Basic Income Study Team and World Bank	
Jasmine Rajbhandari	World Bank
Geetanjali Rai	UNDP
Satish Pandey	UNDP
Navanita Sinha	UN Women
Guy Standing	UBI Study Team
Sarath Davala	UBI Study Team
Sujatha Srinivasan	UBI Study Team
Ram N. Shrestha	UBI Study Team
Meeting with Gandaki Province (Local Government Officials)	
Hari Dhakal	ASK Nepal, Syangja (Implementing Partner)
Deepak Paudel	Sangam, Myagdi (Implementing Partner)
Kamala Lamichhane	Harijyoti Agricultural Co-operative
Tara C. Dhakal	Planning Officer, Putali Bazaar
Dholak Raj	CAO, Beni Municipality
Prakash Subedi	Beni Municipality
Rajan Bhattarai	CAO, Walling Municipality
Geetanjali Rai	UNDP
Satish Pandey	UNDP
Navanita Sinha	UN Women
Sarath Davala	UBI Study Team
Sujatha Srinivasan	UBI Study Team
Ram N. Shrestha	UBI Study Team

List of Consultations during BI Mission to Nepal (19-23 September 2022)

1. Meeting with UNDP, ILO, UNWOMEN & UNRCO
2. Consultation Meeting with National Planning Commission (NPC) and the Government officials (MOF, MOLESS, Social Security Fund (SSF), MOWCSC, CBS)
3. Meeting with Civil Societies (CSOs) and social protection civil society Network (SPCSN)
4. Learning Session: Basic Income study for All UN staff
5. Meeting with Social Protection Taskforce Team (SPTT)
6. Interaction on Basic income study with Academia
7. Debriefing with UNDP on Feasibility Analysis of Basic Income (BI) for women in Nepal
8. Meeting with Dr. Yubraj Khatiwoda, Former Finance Minister, GoN
9. Meeting with Ishori Prasad Aryal and Dr. Narayan Dhakal (Joint- and Under-secretary, Ministry of Finance)
10. Meeting with Mr. Naryan Prasad Bhatta (Joint Secretary, Office of Prime Minister and Councils of Ministers)

List of participants in the online consultations

S. No.	Name	Title	Organization
1	Akira Kaneko	Programme Policy Officer- Social Protection	WFP
2	Bibek Thakuri	Trainee	UNDP
3	Bindu Pokhrel Gautam	Executive Advisor	CWISH
4	Binita Karki	Youth officer	UNDP
5	Bishwa N Tiwari	Professor	TU
6	Charimaya Tamang	President	Shakti Samuha
7	Cristobal Ridao	Lead Economist	WB
8	Dharma Swanakar	Advisor	UNDP
9	Dilli Raj Khanal	Executive Chair	TU
10	Dolma Tamang	Vice Chair	SPCSN
11	Kiran Rupakhatee	Joint Secretary	NPC
12	Lok Nath Bhusal	Program Director	NPC
13	Ram K Phuyal	Member	NPC
14	Geetanjali Rai	Program associate	UNDP
15	Gopal Thapa Magar	Secretary	SPCSN
16	Guru Datta Subedi	Under Secretary	MOLESS
17	Gyanendra Paudel	ED member	SPCSN
18	Helen Witte	Technical Advisor	GIZ
19	Ina Kerung	Trainee	UNDP
20	Jasmine Rajbhandary	Sr. Social Protection Specialist	WB
21	Jee Su Yoo	Economy Officer	UNDP
22	KapilMani Gyawali	ED	SSF
23	Karan Khadka	ICT Helpdesk	UNDP
24	Khum Raj Punjali	Advisor	UNDP
25	Komal Bhatta	CMCO	UNDP
26	Krishna Govinda Maharjan	Member	SPCSN
27	Kundru Sharma	Trainee	SPCSN
28	Laxman Raja Shrestha	Portfolio Associate	UNDP
29	Lina Gurung	Lecturer	KUSOED
30	Luma Singh Bishwokarma	SPA	UNHCR
31	Mamta Bishta	US	MOWCSW
32	Man B Bk	President	NAHAN
33	Nahakul KC	CEO	IID
34	Narayan Dhakal	Under Secretary	MOF
35	Navanita Sinha	Head of office	UN Women
36	Niranjan Tamrakar	Portfolio Support Officer	UNDP
37	Nitu Barnawal	Program Coordinator	SPCSN

S. No.	Name	Title	Organization
38	Pragyan Joshi	Program Officer	UNCDF
39	Prakash Khadka	National Director	Justice Ventures International
40	Prakriti GC	Project Support Officer	UNDP
41	Purnima Bajracharya	Head of Exploration	UNDP
42	Ram Narayan Shrestha	Researcher	BI Study Team
43	Rekha Adhikari	Programme Policy Officer-CBT	WFP
44	Richa Ranjitkar	Communication Analyst	UNDP
45	Santosh Acharya	Programme Officer	UN Women
46	Sarath Davala	BI Expert	BIEN
47	Satish Pandey	Program Coordinator	UNDP
48	Shashank Joshi	Trainee	UNDP
49	Sneha Karna	Trainee	UNDP
50	Sujatha Srinivasan	Research Fellow	IWWAGE
51	Suman Rai	Trainee	UNDP
52	Surabhi Bhandari	Social Protection National Officer	ILO
53	Surendra Sob	Portfolio Associate	UNDP
54	Thakur Dhakal	Social Policy Specialist	UNICEF
55	Tilottam Paudel	Chair	SPCSN
56	Trilok Chand Vishwokarma	National President	NNDSWO
57	Tumburu Gautam	Advisor	SPCSN
58	Yamma Ghale	Research Director	NCCR
59	Yubaraj Khatiwoda	Former Finance Minister	GoN
60	Ishwori Prasad Aryal	Joint Secretary	Ministry of Finance
61	Narayan P. Bhatta	Joint Secretary	OPMCM




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