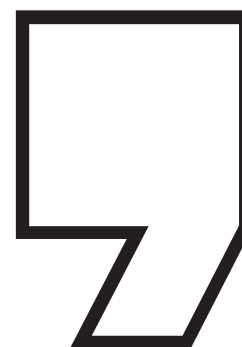




Researching livelihoods and services affected by conflict



# Livelihoods, basic services and social protection in Nepal

Working Paper 7

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August 2012



# About us

Secure Livelihoods Research Consortium (SLRC) aims to generate a stronger evidence base on how people make a living, educate their children, deal with illness and access other basic services in conflict-affected situations (CAS). Providing better access to basic services, social protection and support to livelihoods matters for the human welfare of people affected by conflict, the achievement of development targets such as the Millennium Development Goals (MDGs) and international efforts at peace- and state-building.

At the centre of SLRC's research are three core themes, developed over the course of an intensive one-year inception phase:

- State legitimacy: experiences, perceptions and expectations of the state and local governance in conflict-affected situations
- State capacity: building effective states that deliver services and social protection in conflict-affected situations
- Livelihood trajectories and economic activity under conflict

The Overseas Development Institute (ODI) is the lead organisation. SLRC partners include the Centre for Poverty Analysis (CEPA) in Sri Lanka, Feinstein International Center (FIC, Tufts University), the Afghanistan Research and Evaluation Unit (AREU), the Sustainable Development Policy Institute (SDPI) in Pakistan, Disaster Studies of Wageningen University (WUR) in the Netherlands, the Nepal Centre for Contemporary Research (NCCR), and the Food and Agriculture Organization (FAO).

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# Contents

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<b>About us</b>	<b>i</b>
<b>Tables, figures and boxes</b>	<b>iii</b>
<b>Abbreviations</b>	<b>iv</b>
<b>Preface</b>	<b>vii</b>
<b>Executive summary</b>	<b>viii</b>
<b>1 Introduction</b>	<b>1</b>
1.1 Methodology	1
1.2 Structure	2
<b>2 Country context</b>	<b>3</b>
2.1 A brief history of the ‘People’s War’	3
2.2 Political developments in Nepal’s post-conflict period	7
2.3 Economic and social developments in Nepal’s post-conflict period	9
<b>3 Livelihoods and local development</b>	<b>14</b>
3.1 Defining livelihoods in the Nepalese context	14
3.2 The impact of conflict on people’s livelihoods and livelihood strategies	15
3.3 Institutional responses: policies and programmes	18
3.4 What’s worked? Evidence of impacts of livelihood interventions	25
<b>4 Basic services</b>	<b>29</b>
4.1 Providers of basic services	29
4.2 Health	31
4.3 Education	34
4.4 Water and sanitation	36
<b>5 Social protection</b>	<b>37</b>
5.1 Key actors	37
5.2 Formal social protection initiatives	39
5.3 Informal social protection initiatives	46
5.4 What’s worked? Outcomes and impacts of social protection activities	46
<b>6 The evidence base: data and gaps</b>	<b>53</b>
6.1 Some reflections on the data	53
6.2 Knowledge gaps	54
<b>7 Conclusion</b>	<b>56</b>
7.1 Livelihoods and local development	56
7.2 Basic services	57
7.3 Social protection	57
7.4 Research needs	58
<b>Annex</b>	<b>59</b>
<b>References</b>	<b>64</b>

# Tables, figures and boxes

## Tables

1	Variants of violence in Nepal	7
2	Nepal's Progress against selected socio-economic indicators, 2001-2011	9
3	Comparison of key indexes and indicators of countries in South Asia, 2011	11
4	Proportion of people suffering from hunger	11
5	Key socio-economic and human development indicators by caste/ethnicity, 2006	12
6	Numbers of IDPs up to 2003, by Development Region	17
7	Contribution of different sectors to GDP in Nepal	19
8	Barriers to doing business in Nepal	21
9	Government budget: Summary of income and expenditure (USD in '000)	22
10	ODA in South Asia (percentage of GNI)	22
11	UNDP's poverty reduction programmes in Nepal	24
12	Formal social protection programmes in Nepal	43
13	Regional comparison of social protection expenditure as % of GDP, 2004/05	49

## Figures

1	Number of killings in Nepal, 1996 – 2006	5
2	Geographical distribution of violence in Nepal, 2001 – 2004	5
3	Poverty lines and poverty scenarios in Nepal	10
4	Per capita incomes by caste / ethnic group, 2006	13
5	Government social protection expenditure in FY2010, by category	41
6	Number of beneficiaries in FY2010, by category	41
7	Contribution of evidence papers to inception phase	60

## Boxes

1	The effects of the 'People's War' on health in Nepal: What the evidence tells us	32
2	Conflict-related social protection initiatives	42
3	Problems of access to formal social protection in Nepal: findings from stakeholder consultation	51
4	Draft outline for country evidence papers	63

# Abbreviations

ADB	Asian Development Bank
APP	Agriculture Perspective Plan
CA	Constituent Assembly
CBS	Central Bureau of Statistics
CDC	Child Development Centres
CEPA	Centre for Poverty Analysis
CoAS	Chief of the Army Staff
CPA	Comprehensive Peace Agreement
CPN (M)	Communist Party of Nepal (Maoist)
CPN (UML)	Communist Party of Nepal (United Marxist-Leninist)
DANIDA	Danish International Development Agency
DDC	District Development Committee
DFID	Department for International Development
EDR	Eastern Development Region
EFA	Education for All
FY	Financial Year
GDP	Gross Domestic Product
GHI	Global Hunger Index
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GNI	Gross National Income
GoN	Government of Nepal
HDI	Human Development Index
ICG	International Crisis Group
ICT	Information and Communication Technology
IDP	Internally Displaced Person
ILO	International Labour Organisation
INGO	International Non-Governmental Organisation
JICA	Japan International Cooperation Agency
LPC	Local Peace Committee
MDGs	Millennium Development Goals
MoF	Ministry of Finance
MoLD	Ministry of Local Development
MoWCSW	Ministry of Women, Children and Social Welfare
MPI	Multidimensional Poverty Index
MT	Metric Ton
NC	Nepali Congress
NCCR	National Centre of Competence in Research
NDHS	National Demographic Health Survey
NFC	National Food Corporation
NGO	Non-Governmental Organisation
NLSS	National Living Standard Survey
NPC	National Planning Commission
NPR	Nepali Rupees
NPTF	Nepal Peace Trust Fund
NRB	Nepal Rastra Bank
NRG	Nepal Research Group
NSCSP	National Steering Committee on Social Protection
ODA	Official Development Assistance
ODI	Overseas Development Institute
OPHI	Oxford Poverty and Human Development Initiative
RLS	Rural Livelihoods System
RUPP	Rural-Urban Partnership Programme
SDC	Swiss Agency for Development and Cooperation
SESP	Secondary Education Support Programme

SLRC	Secure Livelihoods Research Consortium
SPA	Seven Party Alliance
SPI	Social Protection Index
SWAp	Sector-wide Approach
TLO	Tole/Lane Organisation
UCPN (M)	United Communist Party of Nepal (Maoist)
UNDP	United Nations Development Programme
UNICEF	United Nations Children Fund
UNMIN	United Nations Mission in Nepal
USAID	United States Agency for International Development
USD	United States dollar
VDC	Village Development Committee
WEP	Women's Empowerment Programme
WFP	World Food Programme
WHO	World Health Organisation

# Preface

This paper is one of a series of evidence papers produced by the Secure Livelihoods Research Consortium (SLRC) as part of its inception phase (January 2011 – March 2012). Seven country evidence papers have been produced (Afghanistan, Nepal, Pakistan, Sri Lanka, South Sudan, Uganda and DRC) and are supported by two global evidence papers focusing on social protection and basic services, and growth and livelihoods respectively. Each paper systematically explores and assesses the available evidence about livelihoods, social protection and basic services in the country. The papers do not attempt to generate new data, nor produce new analyses. Rather they assess what is already known and review the quality of the current evidence base. The papers, along with a series of global and country-based stakeholder consultations, have been used to formulate the future research agenda of the SLRC.

This paper was written by Bishnu Raj Upreti, Sony KC, Richard Mallett and Babken Babajanian, with contributions from Kailash Pyakuryal, Safal Ghimire, Anita Ghimire and Sagar Raj Sharma. The authors are grateful to the stakeholders who contributed their valuable time and information to the consultation process, and to Urmila Aryal, Honourable Minister for Local Development, for inaugurating the consultation workshop and for sharing major concerns from the government's side on livelihoods, basic services and social protection in post-conflict Nepal. Our appreciation also goes to Dr. Ganeshman Gurung, the President of University Grant Commission, for sharing his experiences on the issues and providing strong recommendations for the future, as well as to Arun Rana from the Asian Development Bank for kind assistance in accessing social protection data. Finally, the authors would like to thank the relevant personnel from DFID for providing feedback on an earlier draft of this paper.

Responsibility for the arguments and views presented in the paper lie with the authors and do not necessarily reflect the views of SLRC partner organisations or the UK Department for International Development (DFID) which funds the SLRC.

# Executive summary

Nepal is at a crucial stage in its history. Still the poorest and most unequal country in South Asia, Nepal has struggled with transitions on multiple fronts over the last two to three decades: from a monarchy to a republic; from authoritarianism to democracy; and from a centralised state to autonomy at the regional and local levels. According to its most recent UNDP Human Development Report (UNDP, 2009: 2), 'Today, Nepal stands at the crossroads at redefining both nation and state', and it has been argued elsewhere that the country is on the 'cusp of a major transformation' which is seeing the old feudal and caste structures collapsing and a new social order emerging (Sharma and Donini, 2012: 5).

Linked closely to these struggles was a decade-long armed conflict between 1996 and 2006 – often referred to as the 'People's War' – led by Maoist insurgents against the state. This was a conflict that claimed around 13,000 lives and displaced more than 200,000 Nepalis, generating a range of negative impacts on people's livelihoods in the process, including: declines in food production and food security; reductions in travel and the transport of goods; and destruction of local infrastructure.

Changes in economic activity and livelihood strategies have also been observed, which may be connected to the experience of conflict in complex ways and to varying degrees. Although still high, the share of the population working within agriculture has fallen, as has the contribution of agricultural production to Nepal's Gross Domestic Product. There has been an associated trend towards urbanisation and a diversification of livelihood activity away from exclusively farm-based forms of employment. It is important to recognise, however, that these changes are unlikely to have been brought about purely as a result of armed conflict (although they may have feasibly been spurred on and intensified by people's responses to war). Indeed, broader social and economic shifts – from changing perceptions and aspirations among young people to increases in wage rates for labourers to the persistence of high levels of migration – are likely also responsible.

Since the signing of a Comprehensive Peace Agreement in 2006, 'New Nepal' has continued to grapple with uncertainty and change – there have been, for example, five different governments in six years – but at the same time some impressive progress has been made in a number of areas. With support from international development agencies and bilateral donors, the government has implemented a range of policies and programmes designed to tackle poverty, promote livelihoods and economic opportunities, and enhance people's access to health care, education and other important basic services. In addition, the state has explicitly recognised social exclusion and inequality as root causes of the armed conflict and subsequently taken a number of steps to address the problem head on, for example, by rolling out a whole host of social protection initiatives. For a country whose social, economic and political structures have long been characterised by profound inequality, this is truly encouraging.

Over the last decade, Nepal has also seen its aggregate human development indicators improve and per capita incomes increase, and there are signs that such improvements are positively affecting levels of social cohesion and citizen empowerment throughout the country. For example, recent survey evidence suggests that: socio-political participation is increasingly not determined by ethnic and caste status; that inclusion in civil society and political activities is widespread among all segments of the population; and that levels of citizen trust in political and public institutions are primarily influenced by the performance of those institutions rather than by social characteristics of individuals, such as ethnic identity or political affiliation (Askvik et al., 2011).

Yet, despite positive developments, there is still a long way to go: public spending continues to be heavily augmented by official development assistance; the central political system for the most part remains in a state of limbo; large funding shortfalls are hampering effective service delivery and coverage; and, despite aggregate improvements in welfare, poverty remains pervasive and differences and inequalities between social groups persist. Indeed, evidence suggests that although most (if not all) groups have experienced improvements in their wellbeing across a range of indicators since the turn of the century, between-group differences – again, across a range of indicators – are still visible. Thus,



looking beyond national statistics and disaggregating data reveals some important differences between groups, suggesting there are limits to Nepal's progress.

Concerns have also been expressed – not unjustifiably – about a return to violence in certain parts of the country, and it is generally accepted that (in)stability continues to be one of the strongest determinants of economic activity within Nepal: government and political instability are cited as some of the main barriers to 'doing business' and promising projections of 4.5 percent GDP growth for the 2012 Financial Year appear contingent upon a successful outcome of the peace process.

Good research and evidence can help the government of Nepal, supported by a range of aid actors, address the country's future challenges and build on the solid progress already made. Yet, the evidence base on livelihoods, basic services and social protection in Nepal is patchy and weak in places. In particular, there is a lack of information about 'what works' in terms of programme effectiveness, with evaluation studies tending to privilege outputs and the views of key informants over tangible measures of impact. Nepal's state-run social protection programmes, for example, have been ambitiously described as 'elements in a nascent social contract' between state and society (Koehler, 2011: 14), but in reality it is not entirely clear if social transfers are making much of a difference to household wealth and coping, let alone whether they are making positive contributions towards state-building processes.

# 1 Introduction

This review paper seeks to answer the following overarching question: **what do we know about livelihoods, basic services and social protection in Nepal?**

It is deliberately broad and ambitious, setting out to synthesise the available research on livelihoods, basic services and social protection in order to establish our current level of knowledge as well as identify key gaps in our understanding. From a broad perspective, the review drills down into a set of three interlinked questions:<sup>1</sup>

- What has been the impact of the 1996-2006 armed conflict on livelihoods and services?
- What are the policies and programmes supported by various government and international actors to improve people's livelihoods and address their imminent needs in the post-conflict period?
- What have been the impacts of these interventions in Nepal's post-conflict period?

The review's central preoccupation is with empirical evidence: how much of what we (think we) know is backed up by strong evidence and appropriate data? We are also interested in the quality as well as the quantity of available research: many studies can be based on fieldwork and primary data collection, but their rigour and robustness may vary considerably. Special attention is thus paid to the methodological foundations of reviewed materials, with reflections provided on methods and data where appropriate.

It is hoped that this review paper contributes to an improved understanding of the evidence base on livelihoods, basic services and social protection in post-conflict Nepal, and aids decision makers to develop appropriate evidence-informed policies and programmes. The paper also serves as a means of refining the research agenda of the Secure Livelihoods Research Consortium (SLRC), focusing in particular on the Nepal country research programme.

## 1.1 Methodology

This report is based on a review of available literature on livelihoods, basic services and social protection in Nepal. The report reviews academic publications, programme evaluation, research reports and publications by government agencies, including the National Planning Commission (NPC), the Nepal Rastra Bank (NRB), the Ministry of Finance (MoF) and related organisations (e.g. Central Bureau of Statistics), international agencies and bilateral donors, such as the World Bank, the Asian Development Bank (ADB), the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF) and the UK's Department for International Development (DFID), as well as non-government organisations (NGOs).

In selecting relevant studies, the team first developed an extensive bibliography. Using this list, they identified the most relevant documents based on a number of criteria outlined by teams at the Overseas Development Institute (ODI) and the Centre for Poverty Analysis (CEPA). The criteria used for assessing the quality and relevance of the literature covered six areas: methodology, theoretical and/or conceptual frameworks, quality and reliability of data, reliability of conclusions or claims, gender consideration, reflexivity and quality assurance process.

In addition to the literature review, the research team consulted a range of key stakeholders in order to solicit up-to-date information and perspectives. The consultation was conducted through a workshop, key informant interviews, focus group discussions, and an e-questionnaire.

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<sup>1</sup> The review was guided by a more specific series of research questions and a more comprehensive Terms of Reference, which can be found in Annex 1.

## 1.2 Structure

The paper is laid out as follows:

Section 2 provides an overview of the country context, including a brief history of the armed conflict and the situation since 2006.

Section 3 looks at the effects of conflict on livelihoods and patterns of local economic activity, exploring the ways in which households have responded to the disruptive effects of high intensity violence over time. It then describes the main livelihoods strengthening policies and programmes supported by the government and international donors and synthesises available evidence on the impacts of important livelihoods interventions.

Section 4 focuses on basic services, namely health, education, and water and sanitation. It describes the main providers of services, outlines important programmes and initiatives, and reviews the existing evidence on their outcomes.

Section 5 traces the expansion of social protection initiatives since the 1990s, looking at the roles of different institutional actors in programme design and delivery, and assessing the effectiveness of social protection programming over recent years.

Section 6 focuses on the nature of the evidence base on livelihoods, basic services and social protection in Nepal, in particular providing reflections on data problems and evidence gaps.

Section 7 concludes with a final overview.

## 2 Country context

Nepal is at a crucial stage in its history. Still the poorest and most unequal country in South Asia, Nepal has struggled with transitions on multiple fronts over the last two to three decades: from a monarchy to a republic; from authoritarianism to democracy; and from a centralised state to autonomy at the regional and local levels. According to the country's most recent Human Development Report, 'Today, Nepal stands at the crossroads at redefining both nation and state' (UNDP, 2009). Sharma and Donini (2012) similarly argue that Nepal is on the 'cusp of a major transformation' whereby we are witnessing the old feudal and caste structures collapsing and a new social order emerging (see also World Bank, 2011).

A decade of armed conflict between 1996 and 2006 – led by Maoist insurgents and often referred to as the 'People's War' – saw these transitions and struggles (violently) expressed and subsequently streamed into the country's political consciousness. Since the signing of a peace agreement in 2006, Nepal has continued to grapple with uncertainty and change – there have been five different governments in six years (Thapa, 2011: 21) – but at the same time some impressive progress has been made in a number of areas. The state has explicitly recognised social exclusion and inequality as root causes of the armed conflict and has taken a number of steps to address the problem head on, for example, by rolling out a range of social protection initiatives. For a country whose social, economic and political structures have long been characterised by profound inequality, this is truly encouraging. Over the last decade, Nepal has also seen its aggregate human development indicators improve and per capita incomes increase.

However, there is still a long way to go. At the time of writing, the central political system remains in a state of limbo, with the signing of the Constitution pushed back yet again. This has ramifications beyond Kathmandu: as a March 2012 bulletin from the UN states, 'issues concerning land ownership, local service delivery and social inclusion are linked to and guided by the national level political climate and central level policies, and cannot be fully addressed locally' (UNRHCO, 2012: 4). Others have argued elsewhere that an inclusive political settlement – something that continues to be negotiated and fought over by elites at the centre – is required for equitable and effective service delivery throughout the country (Devkota and van Teijlingen, 2009). Furthermore, despite national economic gains, the benefits continue to be divided along various vectors of identity, and a return to violence in certain parts of the country remains a real threat (Thapa, 2011: 15).

The remainder of the section provides a summary of the causes and development of the 'People's War', followed by an overview of Nepal's current political, economic and social situation.

### 2.1 A brief history of the 'People's War'

There is a lack of consensus on the specific causes of the Maoist rebellion and the primary determinants of the dynamics of the decade-long civil war. The widely cited seminal piece of quantitative research by Murshed and Gates (2005) finds that 'horizontal inequalities in Nepal robustly explain the intensity of the Maoist rebellion'. However, their paper focuses on the intensity rather than the causes of the conflict, and it must be noted that more recent research contradicts this finding.

For example, Do and Iyer (2010) apply a scalar and spatial dimension to their quantitative analysis of conflict data for Nepal to find that geography and poverty – not horizontal group inequality – are the significant predictors of conflict intensity.<sup>2</sup> Indeed, they note that a 10 percentage point increase in a district's poverty rate correlates with an increase of 25 to 27 conflict-related deaths. This finding is consistent with other work conducted further afield, both at the country (Barron et al., 2009) and cross-country level (see Blattman and Miguel, 2010), which demonstrates the links between poverty and the probability of experiencing violent conflict. Then again, more recent quantitative research using data

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<sup>2</sup> The authors find that geographical factors, such as elevation and the presence of forests, explain 25% of the variation of conflict intensity across districts. This is consistent with a broader pattern which sees certain geographical locations, such as forests and mountainous terrain, as being associated with higher levels of insurgency (Fearon and Laitin, 2003).

assembled at the village level finds that greater inequality led to escalated killings by Maoists (Nepal et al., 2011), thus providing additional support for Murshed and Gates' inequality argument. For the time being at least, it would appear the econometric jury is still out.

But in terms of causes, it is clear that multiple factors were at work in the run up to the events of 1996. From early on, the dominant system of governance proved unable to address key issues such as corruption, poor service delivery, and the selective and discriminatory application of laws (Ali et al., 2011; Karki and Seddon, 2003; Upreti, 2006; 2010). At the central level, elite capture of state power and exploitation of resources by a handful of powerful groups created and deepened the economic and political exclusion of the Nepalese majority (ICG, 2007; Upreti, 2006; 2010). High poverty rates, high levels of unemployment and a skewed distribution of resources exacerbated this situation (Mahat, 2005; Upreti, 2008; 2009). Centuries-old inequalities based on gender, class, caste, ethnicity, religion and geography – all of which were likely to have been deepened by externally-driven liberalisation policies (Deraniyagala, 2005: 61) – further fuelled social discontent (Hutt, 2004; ICG, 2003a; 2003b; 2004; 2005a; 2005b; 2006a; 2006b; 2007; Thapa and Sijapati, 2003). Environmental factors such as demographic pressure and control over poor people's use of natural resources, especially land, acted as further catalysts for conflict (Bhattarai, 2003; Upreti et al., 2009; 2010; Upreti and Müller-Böker, 2010).

Development disparity was another cause that concentrated state resources in urban areas, cities and electoral constituencies of the powerful leaders (Raj, 2004; Sharma, 2003; Upreti, 2004a). It resulted in a mismatch between public expectations and the actual performance of the development sector (Upreti, 2004a; 2004b). Consequently, the context generated an ideological tussle (Bhattarai, 2003; Onesto, 2005): the rebels wanted to establish radical communist rule by overthrowing the existing capitalist mode of a democratic political system (Karki and Seddon, 2003; Bhattarai, 2004), which, naturally, was against the will of the ruling power-holders.

Thus, explanations of the origins of what happened between 1996 and 2006 in Nepal cannot be boiled down to a simple, one-dimensional narrative of horizontal inequality and inter-group discrimination, as Murshed and Gates' (2005) widely cited findings might have one believe. As Gersony (2003) suggests – based on interviews with 250 people, from field staff and village representatives to ordinary local residents and business people – caste and ethnic divisions were not central to the onset of the 'People's War'. This is not to argue that inequality and group difference are altogether unimportant. In fact, they are central to understanding the logic of Nepal's violence and making sense of the country's post-conflict situation. The point is that they must be seen as part of a broader picture that must take multiple factors and complex interactions into account.

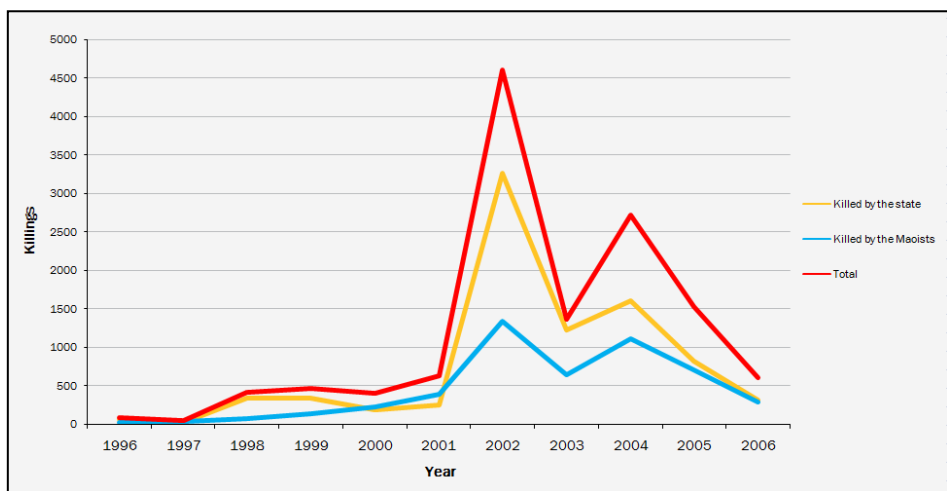
In terms of the development of the conflict, one of the country's major political shifts can be traced back to 1990. The system of governance changed from an autocratic (rule of the kings), partyless, centralised and exclusionary form of politics to a multi-party democracy with a reduced role for the constitutional monarchy. Upreti (2004), Thapa and Sijapati (2003) and Karki and Seddon (2003) argue that this change, perhaps paradoxically, provided a fertile ground for armed insurgency. After the shift from autocratic to democratic rule, public expectations were high seeing as people now had a platform to voice their concerns and assert their rights. But the political decision-makers failed to live up to the public's expectations, and instead followed much the same path as before. Reports of corruption, favouritism, nepotism, misuse of resources and power, politicisation of bureaucracy and security, brutal suppression of opposition, as well as inter and intra-party tussling were all common practice. In the meantime, the Communist Party of Nepal (Maoist) (CPN (M)) tactfully played upon widespread public frustration and, on the 13th of February 1996 – a mere six years after the country's major political transition – declared a 'People's War' against the government of Nepal.

The insurgency grew rapidly. This is not to say the Nepalis preferred communist ideology or desired to be under classical communist rule. Rather, the main reason was that Nepalese citizens wanted to end the centuries-old caste, class, religion, geography and gender-based discriminations, the widespread and systematic process of social exclusion, and entrenched political marginalisation and economic exploitation (see Sharma and Donini, 2012). They wanted to improve their living standard and to participate in the political decision-making process (Upreti, 2010). Another reason that must not be

overlooked was that of fear: the Maoists consistently and strategically used coercion, violence and threat as means of expansion.

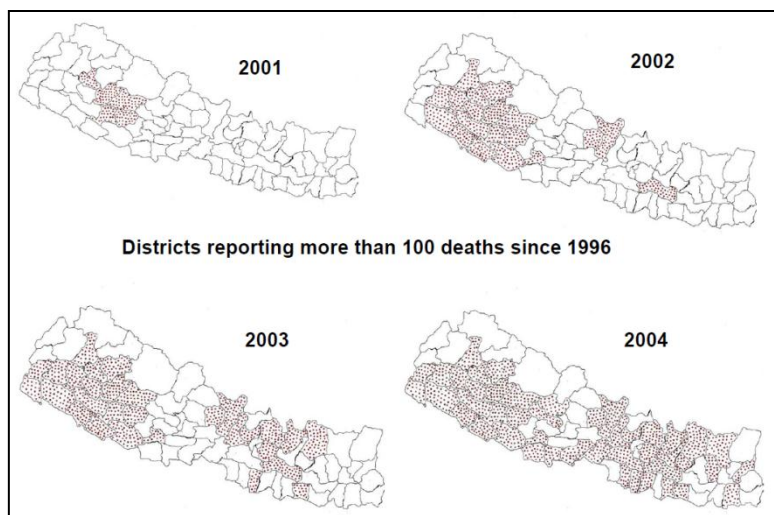
The government initially described the conflict simply as a 'law and order problem', combated by adopting an oppressive strategy through the use of armed force (Karki and Seddon, 2003; Upreti, 2004). However, this strategy did not work and fuelled further conflict that came to a head in 2001. That year saw the Royal Massacre, a failed peace talk, and a Maoist attack on an army barracks, following which the government were forced to impose a state of emergency that brought the Royal Nepal Army to the battlefield. Figure 1 shows that the number of killings by both the state and the Maoists peaked around this time, while Figure 2 illustrates the changing geographical distribution of war-related violence over this peak period.

**Figure 1: Number of killings in Nepal, 1996 – 2006**



Source: INSEC (n.d.) (reproduced in Thapa, 2011: 1)

**Figure 2: Geographical distribution of violence in Nepal, 2001 – 2004**



Source: Do and Iyer (2007) (originally produced by authors)

The second round of peace talks began in late 2003, but failed due to both sides taking strong and unbending positions (multi-party democracy and constitutional monarchy were non-negotiable for the government, while round-table conferences and elections to the Constituent Assembly (CA) were non-negotiable for the Maoists). To make matters more difficult, the (then) king dissolved the elected parliament, claiming the parliamentary parties were corrupt and dysfunctional. From the 1<sup>st</sup> of February 2005, he appointed himself the Executive Head of the State by imposing a new state of emergency. Furthermore, he ordained that assertive monarchic role was the only way to correct the mistakes of

parliamentary parties. Having betrayed the very parliamentary parties who had been buffering him by advocating constitutional monarchy in the peace talks, the king had effectively brought about the end of the monarchy. Indeed, his strategy to simultaneously sideline parliamentary political parties, confront Indian interests and attempt to suppress the Maoists backfired when the tripartite counter-force came together against him.

The king's decision to assume power by arresting and detaining journalists, political leaders and social activists with the aid of military force also worked against him. Seven key political parties formed an alliance (popularly called the Seven Party Alliance (SPA)), with the facilitation of India, to protest the direct rule of the king. The Maoists also supported this alliance, at least on a moral level. Thus, to a degree, it could be said the different players all worked together. The Maoists attacked army barracks and damaged government properties, thereby exerting tremendous pressure on the king, while the SPA opted for a more peaceful movement. Consequently, the 19-day April Movement in 2006 overthrew the king from direct rule and brought the UCPN (M) into negotiation. Subsequently, the SPA's coalition government and the UCPN (M) signed a Comprehensive Peace Agreement (CPA) on 21 November 2006 to end the armed conflict.

From this overview of the causes and development of the 'People's War', it is evident that what happened in Nepal between 1996 and 2006 did not emerge suddenly. The ingredients for violent conflict had been accumulating for decades, and the nature of Nepal's historical political economy was such that violence, in various guises (see Table 1), became part of the development process itself.<sup>3</sup> As Deraniyagala (2005: 54) argues:

Given that these patterns of poverty and inequality are the outcome of a historical process of development, violent conflict must be seen, not as an aberration from the country's 'normal' path of development, but as intrinsically linked to that process.

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<sup>3</sup> See Shakya (2009) for a discussion of structural violence in relation to Nepal's armed conflict.

**Table 1: Variants of violence in Nepal**

Localised or sub-national intergroup violence	'Conventional' political violence (contests for state power or for autonomy or independence)	Localised or sub-national intergroup violence	Transnational crime or trafficking with accompanying violence	Local conflicts with transnational ideological connections
'Repressed' intergroup conflicts over land, access to political power	Clandestine opposition to the Panchayat regime; reactive imprisonment, denial of human and political rights	Gang-based extortion, theft, smuggling in Tarai, major increase in levels of violence after 2006	Human trafficking (prostitution) from the 1960s Heroin trans-shipment from the 1960s	Revolutionary left cross-fertilization with 'Maoists' from the 1960s
Caste and ethnic exclusion underpinning People's War (civil war) of 1996–2006	<i>Jana Andolan I</i> 1990		Illegal trade in timber, opium cultivation post-2006	
Regionalism and <i>Tarai Andolan</i> of 2007	People's War of 1996–2006  <i>Jana Andolan II</i> 2006  Party-related extortion, intimidation post-2006 (activities of the Young Communist League)			

Source: World Bank (2011: 92), originally compiled by WDR 2011 team

## 2.2 Political developments in Nepal's post-conflict period

The official end of the war did not mean an end to violence, inequality and political in-fighting. Even today, many provisions in the Comprehensive Peace Agreement remain unfulfilled. These include: promulgating the Interim Constitution; managing the militaries and arms of both sides; integration and rehabilitation of the Maoist ex-combatants; democratisation of the Nepal Army; returning confiscated property; investigating cases of disappearance; restructuring the state; and providing justice and peace dividends to conflict victims. After several negotiations and renegotiations between the UCPN (M) and the government, elections to the Constituent Assembly finally came to pass on 10 April 2008. The UCPN (M) emerged as the largest party, despite predictions for it to come in third position behind both the Nepali Congress (NC) and the Communist Party of Nepal (United Marxist-Leninist) (CPN (UML)).

Following the election, many political parties feared possible state capture by UCPN (M), who had begun to treat other parties unfavourably, refusing to fulfil several unofficial promises made to the Prime Minister of the SPA-led government. Naturally, tension mounted. After four months of efforts and negotiations, Maoist supreme Prachanda finally became the Prime Minister of the coalition government in late 2008, with Nepali Congress operating as the main opposition.

During this time, the UCPN (M) adopted a revenge strategy in its dealings with the Nepalese Army. For example, it attempted to prematurely terminate the Chief of the Army Staff (CoAS), even though, at the time, he had three months to go before retirement. Nonetheless, following the recommendation of the 18 parties present in parliament, the President decided to reinstate the CoAS. Soon afterwards, the



Maoist-led government collapsed and confrontation between the new government and UCPN (M) mounted, thereby delaying constitution-making as well as the integration and rehabilitation of Maoist ex-combatants.

The original two-year time frame for the Constituent Assembly to promulgate the new constitution expired without any major progress having been made. Political parties extended the term for another year in May 2010 but, again, failed to meet the deadline. In May 2011, the term of the Constituent Assembly was again extended, this time for three months, on the condition that political parties and the government had to complete integration and rehabilitation of the ex-combatants and draft the skeleton of the constitution within this period. Once achieved, another three months would be extended to complete the writing of the constitution. The deadline saw yet another extension, to May 2012, and progress remains slow.

Because of the vested interests of different political parties, nominations to various key positions, such as vice chancellors of universities, Governor of the Central Bank, members of NPC, Public Service Commission and Commission for the Investigation of Abuse of Authority have remained highly politicised. This has caused, and continues to cause, a significant political polarisation of government employees. State resources, such as local development budgets, are allocated on the basis of the influence of the political parties, and not by the agencies in line with the government. For example, a recent report by the Carter Centre (2011) reveals that, due to the strength and influence of the UCPN (M) in Kailali district, one particular VDC office provided far greater funds to the UCPN (M) in comparison with the office's contributions to other parties (e.g. UCPN (M) was paid NPR 20,000 against NPR 6,000 given to the Nepali Congress). The same report states that when conflict over budgets arose in a VDC in Darchula district, it had to be resolved by accepting the smaller parties' demand of providing jobs to its supporters, while the bigger party was allocated a budget that ranged from NPR 20,000 to 100,000.

The importance of economic development, poverty reduction and social inclusion has been recognised at the highest level of Nepalese politics. In the 2006 Comprehensive Peace Agreement, the state explicitly recognised social exclusion as a root cause of the armed conflict and highlighted its approach to promoting the universal rights of Nepalese citizens:

By putting democracy, peace, prosperity, progressive social and economic transformation...in the centre-stage...[By] declaring the end of armed conflict...and beginning the new era of peace and co-operation...[And by pursuing a] progressive political solution, democratic restructuring of the state and social, economic and cultural transformation of Nepalese society through the Constituent Assembly.

Similarly, Article 3.5 of the Comprehensive Peace Agreement calls for political parties to:

End the existing centralised and unitary state system and restructure it into an inclusive, democratic progressive system to address various problems including that of women, Dalits, indigenous community, Madhesis, oppressed, ignored and minority communities, backward regions by ending prevailing class, ethnic, linguistic, gender, cultural, religious and regional discrimination.

It is worth noting that the Comprehensive Peace Agreement is part of the Interim Constitution (included as one of the annexes) and therefore forms part of a broader framework relating to the provision of basic services and social protection. Similarly, the Interim Constitution also features special provisions on these issues, particularly in Part 3, which talks about the provision of 'Fundamental Rights', including: 'Right to freedom'; 'Right to equality'; 'Right against untouchability and racial discrimination'; 'Rights regarding environment and health'; 'Education and cultural rights'; 'Rights regarding employment and social security'; 'Right to property'; 'Rights of women'; 'Right to social justice'; and 'Rights of children'. Thus, some important steps were taken in the immediate aftermath of conflict to establish a broad rights-based approach to tackling poverty and social exclusion.

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discrimination'; 'Rights regarding environment and health'; 'Education and cultural rights'; 'Rights regarding employment and social security'; 'Right to property'; 'Rights of women'; 'Right to social justice'; and 'Rights of children'. Thus, some important steps were taken in the immediate aftermath of conflict to establish a broad rights-based approach to tackling poverty and social exclusion.

## 2.3 Economic and social developments in Nepal's post-conflict period

The issues of enhancing livelihood security, providing basic services and ensuring social protection have all been important in the government's policies and programmes in post-conflict Nepal. Implicitly or explicitly, they are the central contents of the Comprehensive Peace Agreement and the Interim Constitution, and have been high on the state's post-conflict agenda. A range of interventions and initiatives to promote social inclusion and improve the socio-economic status and wellbeing of Nepal's historically marginalised groups have since been implemented throughout the country (see in particular Section 5).

To what extent have these interventions contributed to people's livelihoods, economic activity and access to basic services over the last decade? Broadly (and crudely) speaking, it would appear Nepal has made good progress against most socio-economic indicators (see Table 2).

**Table 2: Nepal's Progress against selected socio-economic indicators, 2001-2011**

Indicator	2001	2011
Human development index (HDI)	0.398	0.458
HDI (rank)	129 out of 162	157 out of 187
Adult literacy rate	40.4%	59.1%
Life expectancy at birth	58.1	68.8
GDP per capita	1,237	1,049

Source: UNDP (2011)

In the remainder of this sub-section, we provide a brief overview of Nepal's post-conflict economic and social developments, focusing in particular on economic growth, poverty, food security and social exclusion and inequality.

### 2.3.1 Economic growth

Current economic trends in Nepal are outlined in the 2012 Asian Development Outlook (ADB, 2012). Overall GDP growth fell in Financial Year 2011 (FY2011) largely due to slower growth in worker remittances, problems in the real estate market, as well as on-going political uncertainties.<sup>4</sup> The report considers Nepal's economic prospects, concluding that the country's economic performance 'depends primarily on how the political situation evolves' and claiming that the completion of the peace process would provide political leaders with a sense of 'closure' which would, in turn, allow them to refocus on the measures required to promote private participation in development, boost business confidence, and improve labour relations (ADB, 2012: 174). Indeed, the projected forecast of 4.5 percent GDP growth for FY2012 appears contingent on the outcome of a successful peace process.

### 2.3.2 Poverty

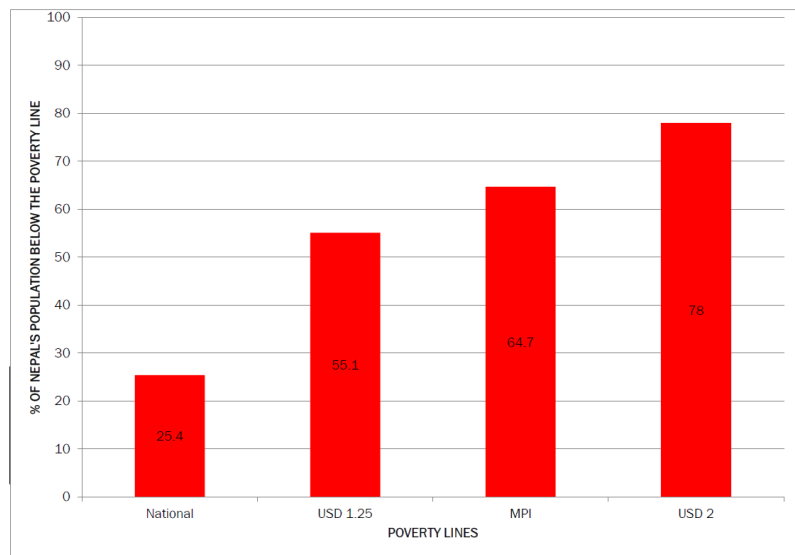
According to the latest Millennium Development Goals (MDGs) Needs Assessment Report for Nepal (GoN and UNDP, 2011), the proportion of Nepal's population living below the national poverty line has been reduced to 25.4 percent. There are views that this reduction in poverty has been achieved mainly as a result of the huge outflow of labour migration and the influx of greater remittances (see, for example, Bhattarai-Ghimire and Upreti, 2008; Ghimire, 2009).

<sup>4</sup> Growth diagnostic reports for conflict-affected states regularly identify political uncertainty and instability as a contributing factor towards low private investment and poor growth.

There are, however, three issues that problematise Nepal's generally improving poverty situation.

First, how one chooses to measure poverty has major implications for how a country's poverty scenario looks. Bhusal (2012) identifies at least four different poverty rates currently being applied in Nepal: a national poverty rate which is set by the National Planning Commission (NPC) and based on the estimated average cost of basic needs; the World Bank's USD 1.25/day poverty line; the World Bank's USD 2/day poverty line; and the UN's multidimensional poverty index (MPI). Taking each of these measures generates rather different poverty scenarios for Nepal, as illustrated by Figure 3.

**Figure 3: Poverty lines and poverty scenarios in Nepal**



Source: Bhusal (2012)

Second, the reduction in poverty incidence has been concentrated in specific geographical areas and skewed along particular lines of identity. As Joshi et al. (2010: 8) point out, 'Poverty incidence, gap, and severity analysis of the country suggests that poverty is more rampant, deeper and severe in rural areas, and much worse in the Hills and Mountains'. There is also a visible divide between rural and urban areas, which is particularly troubling given that the vast majority of Nepal's population (83 percent) are still living outside towns and cities (UNDESA, 2012).

Third, despite the gains made in recent years, Nepal remains the poorest country in South Asia. As Table 3 illustrates, Nepal is still lagging behind many countries in the region according to important human development and economic indicators.

**Table 3: Comparison of key indexes and indicators of countries in South Asia, 2011**

Index / indicator	Nepal	Afghanistan	Bangladesh	Bhutan	India	Maldives	Pakistan	Sri Lanka
HDI value	0.458	0.398	0.500	0.522	0.547	0.661	0.504	0.691
HDI rank	157	172	146	141	134	109	145	97
GDP per capita (USD)	1,155	1,321	1,416	5,113	3,296	5,476	2,609	4,772
Income Gini Coefficient	47.3	-	31.0	46.7	36.8	37.4	32.7	40.3
Foreign direct investment net inflows (% of GDP)	0.3	1.3	0.8	2.9	2.5	7.6	1.5	1.0

Source: UNDP (2011)

### 2.3.3 Food security

In terms of food security, Table 4 illustrates that although food insecurity and hunger have decreased between 1990 and 2010, they continue to affect a large share of the population.

**Table 4: Proportion of people suffering from hunger**

Indicator	1990	2000	2005	2010	Goal 2015
Underweight children aged between 6-59 months (%)	57	53	43	38.6	29
Population below minimum dietary energy consumption (%)	49	47	40	22.5	25
Stunted children aged between 6-59 months (%)	60	55	n/a	49	30

Source: NPC (2010b)

A study conducted by the World Food Programme (WFP, 2009) on the hunger index for Nepal states that, on the Global Hunger Index (GHI)<sup>5</sup> score, Nepal ranks 57th out of 88 countries. With a GHI of 20.6, the severity of hunger in Nepal is alarming. Looking at the data on a more microscopic level, the eastern region fares the best amongst all regions, with a hunger index of 20.40, whereas the mid-west appears the most insecure with a hunger index of 28.20. The mountain zones (27.90) also look more insecure compared to both the Terai (23.10) and the Hills (21.50). Inadequate food security for the population across the regions is one of the main causes of hunger in Nepal. High dependence on traditional agriculture, low productivity, poor distribution, small land-holdings, limited off-farm and wage-earning opportunities and exclusion based on traditional and socio-cultural beliefs are also major contributing factors. Food security is a complex, multidimensional issue that needs to be addressed with a more holistic approach if Nepal is to move towards attaining sustainable livelihoods for its people.

<sup>5</sup> The GHI is a statistical tool that describes the state of a hunger situation. It is calculated with the use of three variables: undernourished population, underweight children under the age five and children dying before the age of five.

### 2.3.4 Social exclusion and inequality

Findings from two recent surveys suggest social exclusion is becoming less important as a primary determinant of outcomes. Drawing on data from 2,890 households in four districts, Haug et al. (2009) argue socio-political participation is not determined by ethnic and caste background, and that ‘empowerment has taken place and inclusion in civil society and political activities is widespread among all segments of the population’ (ibid.: 105). Similarly, a nationwide survey of 1,836 households by Askvik et al. (2011) finds that the demographic and social characteristics of participants, such as caste and religious or political affiliation have little significance upon the level of citizens’ trust in political and public institutions. Instead, trust depends much more upon how citizens assess the performance of public institutions. However, we should be cautious when attributing these developments directly or exclusively to programmes and interventions. Other evidence suggests that, in the Nepalese context exposure to and experience of violence can increase people’s social capital and make them more likely to contribute towards public goods, suggesting that changes in political participation and empowerment might well be endogenous (Gilligan et al., 2011; see also Voors et al., 2011).

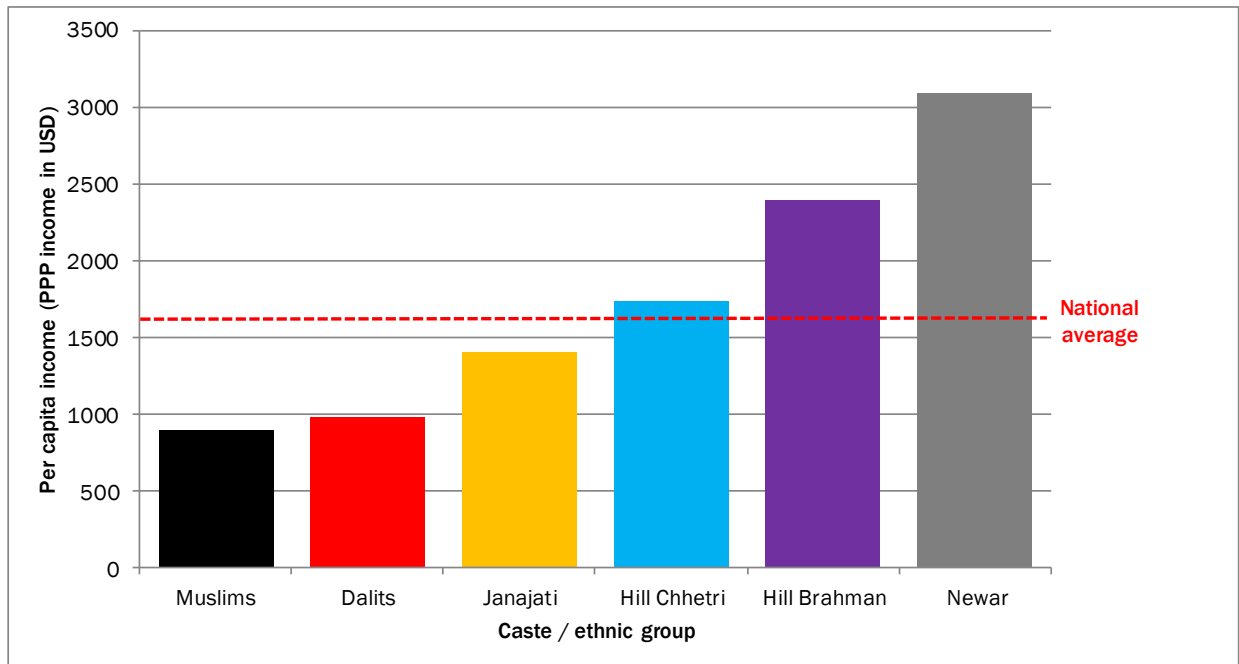
Despite significant progress made since the 1990s, inequality and social exclusion are still present in Nepal. Table 5 below presents data on a selection of key socio-economic and human development indicators by caste / ethnic group (for 2006), illustrating some significant differences between groups, while Figure 4 below provides a more visual representation of per capita income differences between groups. Indeed, although caste discrimination has now been deemed illegal by the state, it has not disappeared altogether (Askvik et al., 2011: 420), and there are a number of groups who are still experiencing exclusion based on a range of socio-economic and political parameters (World Bank and DFID, 2006).

Well planned, appropriate interventions have the potential to improve the livelihoods of Nepalese people, but a thorough understanding of the context – and a knowledge of what framework or interventions work – is needed for policy makers to achieve successful results. The following sections provide an overview of the state of the evidence we have on livelihoods, social protection and basic services in Nepal, presenting the latest data, drawing out key analytical themes, and reflecting on the quality of the evidence base as it currently stands.

**Table 5: Key socio-economic and human development indicators by caste/ethnicity, 2006**

	Life expectancy	Per capita income (PPP income in USD)	Adult literacy	Human Development Index (HDI)
<b>Nepal</b>	<b>63.69</b>	<b>1597</b>	<b>52.42</b>	<b>0.509</b>
<b>Newar</b>	68	3097	68.20	0.616
<b>Hill Brahman</b>	68.10	2395	69.93	0.612
<b>Hill Chhetri</b>	60.61	1736	58.40	0.514
<b>Janajati</b>	62.91	1405	51.67	0.494
<b>Dailts</b>	61.03	977	38.02	0.424
<b>Muslims</b>	60.99	890	30.32	0.401

Figure 4: Per capita incomes by caste / ethnic group, 2006



Sources: Produced using data from Table 5 (UNDP, 2009: 156)

# 3 Livelihoods and local development

## 3.1 Defining livelihoods in the Nepalese context

The concept of livelihoods has gained prominence and traction in recent years through debates about rural development, poverty reduction and social protection. It has become clear that definitions of poverty and wellbeing based solely on income or the ability to meet basic needs do not incorporate the multidimensional complexities of poverty. Indeed, it is perhaps what Chambers and Conway (1992) implied when defining sustainable livelihoods as:

...comprising the capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base.

The importance of capturing multidimensionality is also evident in DFID's (2002) framing of sustainable livelihoods, which posits that people's livelihoods will improve if they have:

- an access to basic rights established through international conventions and access to high-quality education, information, technologies and training, and better nutrition and health
- a supportive and cohesive social environment
- a secure access to, and better management of, natural resources
- a better access to basic and facilitating infrastructure and financial resources
- a policy and institutional environment that supports multiple livelihood strategies and promotes equitable access to competitive markets for all.

Defining livelihoods in the Nepalese context is not straightforward. The term means different things to different people – as is often the case in contexts of conflict and fragility (Upreti and Müller-Böker, 2010) – and, from a programmatic perspective, it is possible to identify a number of different frameworks in operation in Nepal. Among the dominant frameworks that are used to analyse livelihoods and help design interventions is the Sustainable Livelihoods Approach (DFID, 2002), which conceptualises livelihoods as being comprised of five capitals: human, natural, financial, physical and social. Another widely used framework in Nepal is the Rural Livelihoods System (RLS) approach, which takes into account people's emotional base and subjective orientations. Elsewhere, CARE's livelihoods model looks at patterns of production and consumption, as well as shock and stress, while OXFAM's framework includes capability enhancement and policy changes for livelihoods improvement (Pokharel, 2010). Although different in some respects, these frameworks tend to incorporate analyses (or at least considerations) of social exclusion and inclusion that open up important questions about power relations and structures. However, for the most part, the frameworks mentioned above fail to take people's aspirations and orientations in life into account.

Two main understandings of livelihoods emerge from the literature presented. The first can be described loosely as a 'materialist' understanding, and is concerned primarily with poverty, development, vulnerability and people's coping strategies. This particular understanding of livelihoods has been informed and shaped by multiple studies into: community forestry (for example, Gautam et al., 2008); access to land and livelihoods of rural people (for example, Upreti et al., 2008); and internal and international migration (for example, Kaspar, 2005; Thieme, 2006).

The second, which can be termed a 'group-centred' understanding, privileges an analysis of identity (caste and ethnicity) and social inclusion/exclusion (Lietchy, 2008; for examples, see Fischer, 2001; Geiser, 2005; Upreti et al., 2008). This second understanding pays greater attention to social relations, focusing as it does on the problems and issues facing specific caste and ethnic groups.

While these two understandings offer two different – and two equally legitimate – perspectives on livelihoods in Nepal and elsewhere, a broader, more holistic understanding of livelihoods that goes beyond the twin focus of materialistic and group-centred approaches is still lacking in Nepal. It is

important to look at the livelihood aspects from the broader perspective, reflecting multiple dimensions of human needs, as for example, manifested in Maslow's (1943; 1954) hierarchy of needs.

As part of this study, NCCR researchers organised a stakeholders' consultation meeting to discuss issues relating to livelihoods, basic services and social protection in Nepal. The participants offered useful feedback on the usage of the term 'livelihoods' in the Nepalese context, and it was clear that the term could be understood differently by different people. One participant from the meeting summed it up succinctly when she said that 'the definition of the term "livelihood" has not always been consistent and uniform. For some, it could mean working for a hand to mouth deal, while for others it could mean something else'. Indeed, for a nation like Nepal where the gap between the poor and the rich is vast, the meaning of 'a livelihood' varies, whether it is survival and fulfilment of basic needs for the poor, or earning more than what they have for the rich. In general, the participants were also of the opinion that since a livelihood is so strongly and intrinsically connected with social protection and basic services, the three terms cannot be separated and should go hand in hand.

### **3.2 The impact of conflict on people's livelihoods and livelihood strategies**

Nepal's decade-long conflict exerted significant yet heterogeneous impacts upon people's livelihoods. As one example of this, using conflict records and local-level longitudinal data, Williams et al. (2010) decompose Nepal's armed conflict into a series of discrete events, and investigate their differential impacts on marriage, contraception and migration behaviours. In general, they find that specific conflict events affect the three behaviours – or 'demographic processes', as they put it – heterogeneously, suggesting that the demographic consequences of war can be quite complex. Indeed, their analysis and findings point to the significance of 'the specific' (i.e. event, setting and outcome are all important).

In order to identify and understand the impacts of the Nepalese conflict, as well as to shed light on the nature of the relationship between war and livelihoods in Nepal, we suggest two broad perspectives for analysis.

The first relates to the impacts of the conflict on physical and human capital – in other words, the microfoundations of livelihoods, economic activity and growth – as well as individual, household and community wellbeing.

#### **3.2.1 Effects on local food production and food security**

A WFP document from 2007 refers to multiple assessments of vulnerability and food security in conflict-affected parts of Nepal, including a 2007 FAO/WFP joint Crop and Food Supply Assessment, a WFP Comprehensive Food Security and Vulnerability Analysis, on-going food security surveillance conducted by WFP Nepal's Vulnerability Assessment and Mapping (VAM) unit, and a 'conflict-affectedness baseline survey' (WFP, 2007: 4). These findings appear to confirm a negative correlation between the conflict and livelihood/food security indicators. In particular, it found local food production was affected significantly by: the reduced amount of family labour available; out-migration and conscription; the confiscation of farmland; disruptions to agricultural services and inputs; and frequent blockades (ibid.).

Shively et al. (2011) review Nepal's food security and nutrition situation, finding that outcomes vary by geography and demography. People who are vulnerable to food insecurity, for example, are the 'marginal farmers in the Mountains, porters, and poor urban households' (ibid.: 6), such as those living in the Hills and Terai. Among these, the most vulnerable are 'women, children, indigenous and lower castes people' (ibid.: 6). Most of the sources cited in the document reveal that food insecurity can also lead to malnutrition, resulting in infectious and communicable diseases, especially among children and women. Other factors that determine nutrition status are found to include people's earnings and lifestyles.

#### **3.2.2 Effects on children**

A report for UNICEF by Hart (2001: 5) offers an 'articulation of the major concerns expressed by international and national agency personnel, human rights monitors and various local community figures' in relation to the 'potential impact' Nepal's conflict has had on children. Indeed, as Hart himself notes, 'it was necessary to treat much of the information provided with some measure of caution' and 'it remains the case that the 'People's War' and its effects upon communities, families and, in particular, upon children, is poorly researched and documented' (Hart, 2001: 5).



Recruitment of children by both the Maoists and the state has been documented (see also Shakya, 2009). Those recruited mostly fell in the age group of 14-18, and in many cases children were forcibly abducted, sometimes while they were at school, and mercilessly treated. For example, Hart provides the case study of a 14-year-old who revealed he was not given any food by the Maoists when he turned down their forceful demand of either handling a gun or work as a guard in the shelters (Hart, 2001: 27). In addition to fighting or performing 'support' services, such as cooking, cleaning or spying, children were also required by the Maoists to involve themselves in the looting and stealing of property (which is how the Maoists collected most of their funds). In an effort to avoid recruitment, many parents sent their children to Kathmandu where they would work (and therefore experience a loss in schooling). Almost three-fourths of the children in the mid-Western areas of Nepal had suffered from malnutrition (Terre des Hommes Nepal, 2005).

Hart (2001) concludes his paper by highlighting the need for research and data on all areas where children have suffered, including psychoemotional effects, girls being trafficked during the war, and general exploitation such as access to education and other services, child labour, social integration, care of children orphaned by both Maoists and the police, as well as how factors such as family separation and poor nutrition have contributed to their current status.

### **3.2.3 Effects on social capital**

In terms of some of the long-term impacts the conflict has had on people's livelihoods, in particular on social capital, Gilligan et al. (2011) have produced some illuminating evidence. Using survey data and original behavioural games (a method they used to measure and understand people's behaviour), they find that members of communities with greater exposure to violence during the war exhibit 'significantly greater levels of social capital', as measured by a greater willingness to invest in trust-based transactions and to contribute to public goods. Additional qualitative evidence suggests the reason for this is the presence of an 'institutional mechanism' whereby conflict fosters the adoption of 'new norms' and more pro-social behaviour. Gilligan et al.'s findings are broadly consistent with other experimental evidence from Burundi which suggests exposure to violence increases altruistic behaviour among individuals (Voors et al., 2011). Such findings hint that war and violence are not deleterious in an absolute sense, but can sometimes contain a glimmer of potential for positive change (see Cramer, 2006).

The second way of understanding the relationship between Nepal's conflict and people's livelihoods is by looking at the way in which individuals, households and communities responded to the disruptions caused by war.

### **3.2.4 (Forced) migration**

Nepal's armed conflict forced many people to migrate, either internally or overseas (Sharma and Donini, 2010). Indeed, several studies suggest that people's aspirations for better living conditions constitutes the root cause behind adopting migration as a livelihood strategy in Nepal (Ghimire, 2009; Gotame, 2009; Junginger, 2010; Pokharel, 2009; Portner et al., 2010; Rajbanshi, 2009; Thapa, 2006; Thieme, 2006). This trend in migration increased throughout the conflict – although it should be pointed out that recent research in south-central Nepal shows that violence had a non-linear effect on migration, with low to moderate levels reducing the chances of migration and high levels increasing the chances (Bohra-Mishra and Massey, 2011) – and remains strong today, with thousands of Nepalese youths leaving the country to seek foreign employment and better livelihood opportunities.

The government, responding to this growing trend in outward migration, has now opened doors for job opportunities in 107 countries for foreign employment (MoF, 2009). This, in turn, has a significant impact on GDP. The World Bank (2010b) suggests that the share of remittances in the national GDP was 23 percent in 2009, making Nepal one of the largest remittance recipients in the world in terms of its share in GDP. This influx of remittances has arguably been crucial in sustaining rural livelihoods.

In terms of forced migration more explicitly, the decade long insurgency in Nepal displaced approximately 200,000 people from all over the country (IDMC, 2012). Although the data varies by source, in order to give a sense of the distribution of internal displacement, INSEC (2004) estimated the following numbers of IDPs in Nepal up to 2003 (see Table 6).

**Table 6: Numbers of IDPs up to 2003, by Development Region**

Development regions	No of IDPs
Eastern Development Region	3,077
Central Development Region	3,672
Western Development Region	4,547
Mid-Western Development Region	22,018
Far-Western Development Region	4,877
<b>Nepal</b>	<b>38,191</b>

Source: INSEC (2004)

### **3.2.5 Disruptions to existing livelihood strategies**

A study by Upreti and Müller-Böker (2010) suggests that the armed conflict disrupted the existing means of livelihoods, while constraining new livelihood opportunities. It significantly hindered the implementation of the government's employment generation programmes and greatly hampered people's ability to generate income through agricultural activities.

Further, in their important work published ten years ago, Seddon and Hussein (2002) examined the consequences of conflict on (primarily rural) livelihoods and development in Nepal. They reported the following effects:

- a rural exodus of those most fearful of the Maoists, which included local elites, local government officials and activists in other political parties
- a significant reduction in travel and the transport of goods
- a disruption of economic activity
- destruction of local infrastructure, which exacerbates food insecurity.

The authors also noted a general reduction in livelihood opportunities as a result of disruptions to traditional livelihood strategies and activities, such as collecting non-timber forest produce. This finding is consistent with other, more recent research into livelihood changes in Nepal. Baland et al. (2010), for example, investigate changes in firewood collection by using LSMS household panel data for a small but representative sample of households in the country's mountainous regions. They report a decrease of 12 percent between 1995 and 2003, as well as a fall in collection time of 23 percent. Interpreting these results, the authors suggest that although shifts away from traditional livestock-rearing occupations were partly responsible for the reduction in firewood collection, the effects of civil war were also significant.

### **3.2.6 Diversification**

Somewhat paradoxically, the reduction in livelihood opportunities has been accompanied by a trend towards diversification; that is, the adoption of multiple income-generating activities. This has particularly prevalent in rural areas where those previously engaged in purely agricultural forms of employment have actively sought out alternative sources of income, such as informal sector employment in nearby towns (Sharma and Donini, 2012). As evidenced in other contexts, conflict often encourages livelihood diversification (see, for example, Stites et al. 2005 on livelihood adaptation in Bosnia and Herzegovina). However, it would be inaccurate to claim that diversification in Nepal has purely come about as a result of the war. As Sharma and Donini (2012: 14) point out, a number of socio-economic changes are responsible for the shift, including:

- an increase in the wage rates for hiring labourers;
- the modernisation of agriculture; and
- improved access to markets and roads which has facilitated migration.

The authors also report a 'strong perception amongst young people that there is no benefit in doing agriculture' (ibid.: 14), suggesting there is also a generational aspect to livelihood adaptation and diversification in Nepal.

Shifts in livelihood activity to non-farm and non-land based forms of employment may also be driven by a broader process of urbanisation, which has been occurring at a steady pace for at least the last 50 years (Parker and Pant, 2011). While the share of Nepal's population living in urban areas is still relatively low at 17 percent – the urban population of Southern Asia is considerably higher at 32.6 percent – the rate at which urbanisation is taking place is faster, and is predicted to remain faster than most other countries in the region (UNDESA, 2012). That urbanisation and rural-urban migration have been stimulated and shaped by Nepal's conflict is true to some extent (Irwin et al., 2003 provide strong evidence for conflict-induced displacement to urban areas), but it ought to be noted that urbanisation tends to be driven by multiple factors, many of which are not related to war or violence, and the fact that Nepal's urban growth rate (in terms of population change) is set to remain above two percent for the next four decades also confirms that a deeper process is at play here.

Nepali (2008) and Upreti et al. (2008) also reveal that people often diversify their livelihood options in the face of livelihood crises. In rural areas, crisis associated with stagnant production has led to a deepening struggle for the fulfilment of basic needs, causing people to diversify their livelihoods options. A good example of this diversification is the modification of traditional modes of caste-based trades to meet the needs of market. In the case of tailors, blacksmiths and goldsmiths, for instance, the new generation is not following traditional occupation mainly because of low income and marketing opportunities, but also because of the lack of social respect these occupations hold (Adhikari, 2008; Nepali and Pyakuryal, 2011). Other examples include diversification of crops and initiation of off-farm activities along with farming. Timilsina (2003) has shown such that the changing livelihood patterns of different caste/ethnic groups is due to changes in social traditions, market systems and other economic systems.

### **3.2.7 Women's economic activity**

There are studies that specifically address the effects of the conflict on women's livelihoods. Mammen et al. (2009) reveals that professional women living in poverty in rural areas were dissatisfied with the insufficient income, and that the trials of their day to day life often led to depression. But conflict also brought changes in the livelihoods of women as they now had to engage in more labour in the absence of men in village. The employment rate of women rose sharply after the conflict (Menon and Rodgers, 2011). Several studies (Ghimire, 2010; Kasper, 2006; Pokharel, 2009) show women's active engagement in economic activities has contributed to income generation in family, while also inducing change in the labour market and social structures within the family and community. However, there remains a greater gender disparity in income between men and women. According to a report by ADB (2010), although there has been an increase in the proportion of economically active women, their earned income is about one third of that earned by men. Additionally, women continue to have low access to property ownership, financial credit and political power.

## **3.3 Institutional responses: policies and programmes**

### **3.3.1 The state**

Since 1970, there have been various initiatives and implementation activities executed by the government to reduce poverty (Dhakal, 2002). Some examples of these actions include subsidised ration distribution to the poor population, subsidised fertilisers for agriculture production, community projects, food programmes with the support of World Food Programme, food-for-work programmes (whereby people receive food assistance in exchange for providing labour for construction projects), self-employment for poverty alleviation in Arun Valley, and the income generating programme for Jagriti women.

**Agriculture** continues to constitute the mainstay of most people's livelihood activities as well as the Nepalese national economy. The most recent Labour Force Survey figures show that 74 percent of the population are employed in agriculture, and the sector contributes 36 percent of Nepal's GDP (World Bank, 2012). These figures are down on recent years (see Sharma and Donini, 2012), but remain substantial nonetheless. Table 7 below provides an overview of sector contributions to GDP between 2000 and 2008.

**Table 7: Contribution of different sectors to GDP in Nepal**

Indicator	2000	2005	2007	2008
Population (in millions)	24.42	27.09	28.11	28.58
GDP Growth (annual %)	6.2	3.1	3.3	4.7
Inflation (annual %)	4.5	6.5	7.7	6.7
Agriculture (% of GDP)	41	36	34	34
Industry (% of GDP)	22	18	17	17
Services (% of GDP)	37	46	49	50
Export of goods and services (% of GDP)	23	15	13	12
Import of goods and services (% of GDP)	32	29	31	33
Gross capital formation (% of GDP)	24	26	28	32
Revenue, excluding grants (% of GDP)	10.6	11.5	11.9	12.3
Merchandise trade (% of GDP)	43.3	38.7	36.9	37.0

Source: World Bank (2012)

It is generally accepted that investments in agriculture and rural areas more broadly are needed to bring poverty reduction to the poorest members of Nepalese society and to improve the country's aggregate human development ranking (Dillon et al., 2011). In recent years, however, while the government has not neglected agriculture, neither has it prioritised it. As Dillon et al. (2011: 252) point out, between 1999 and 2003 – in the midst of conflict – agriculture accounted for less than 3 percent of total public expenditure, ranking lower than education (15 percent), defence (7 percent), police (7 percent), electricity (6 percent), road transportation (6 percent), health (5 percent) and others (loan payments also consumed a large share of public expenditure). The government has enacted different agriculture related acts and regulations, formulated an Agriculture Perspective Plan (APP), began commercialisation of agriculture, and deregulated fertilisers' trade. The APP also aims to increase agricultural output, improve food security and reduce rural poverty. However, lack of technical human resources to enhance marketing skills and expand modern agricultural techniques, as well as the problems in the distribution of agricultural inputs due to lack of road networks are all hindering agriculture growth. Some have also argued for market regulation: for example, Yadav and Lian (2009) highlight the need for the government to effectively regulate the production, import and distribution of fertilisers and other agricultural goods. Moreover, the government's livestock and rural technology policies tend to focus on increasing production rather than productivity or profitability (Rushton et al. 2005), which has encouraged a concomitant focus on input targets rather than output issues (TLDP, in Rushton et al., 2005: 97).

The public food distribution agency, the National Food Corporation (NFC), has a presence in 30 out of 75 districts with a very limited capacity. NFC and agriculture services across the country remain underfunded and are unable to meet the immediate food needs in conflict-affected areas. NFC is only able to meet 25 percent of its mandate (39,000 metric tons (MTs)) and is using less than 10 percent of its storage capacity (100,000 MTs) annually. Conversely, WFP procures an average 46,000 MTs

annually and has a strong field presence and logistics capacity for the delivery of food and services to people.

The government has also sought to strengthen livelihoods at the local level through the provision of basic services (see Section 4) and improving core physical infrastructure, such as **roads**. For example, the government has been working on expanding roads in and between urban areas in order to address increases in the number of vehicles, and recently entered the implementation phase of the Sindhuli Road Corridor Agricultural Master Plan (SRCAMP) in partnership with the Japanese International Cooperation Agency (JICA) (JICA, 2011).

In the post-conflict period, the central government adopted a **decentralised approach to local development** and has given more authority to local institutions, such as forest users' committees, mothers' clubs and water users' committees. Similarly, donor-funded projects started to work with local committees directly, ensuring more resources reached local communities. They also provided opportunities for local people to manage their own resources.

The government passed the Local Governance Act of 1999 as the first step in the post-conflict to bring resources closer to the people. According to the World Bank (2010), positive outcomes of community-managed programmes initiated under the Act are now visible throughout the country, such as an increased number of rural roads, community managed schools, health centres, forests and micro-hydropower plants. However, the involvement of local communities in economic development has not been accompanied by genuine political devolution, and since July 2002 there has been no election at the local level (as of August 2011).

The government enacted policies and legal norms that offer greater **rights to women** and reflect the process of diversification in livelihood strategies that occurred during the conflict. For example, a review of the existing mandates of the government suggests that there has been, since 2007, greater attention given to government practices and policies towards gender equality (ADB, 2010). This reflects the government's recognition that households are diversifying their livelihood strategies and acknowledging the vital role women play. For example, after assessing that the increase in a female labour force saw 55 percent of women being leered at or abused by their male colleagues, the government drafted a bill against sexual harassment in public workplaces (ADB, 2010). Further, the government has revised national laws on female migration. These legal provisions mainly protect exploitation of the female migrants from the manpower agencies and also make provisions for orientation, training and skill development.

### **3.3.2 The private sector**

The most recent data from the World Economic Forum (2011) suggests that, according to the perceptions of domestic private actors, **political factors are negatively affecting the 'ease of doing business' in Nepal** (see Table 8), indicating that the country's uncertain political situation continues to burden economic activity.

**Table 8: Barriers to doing business in Nepal**

<b>Problematic Factor</b>	<b>% of responses</b>
Government instability	21.8
Inefficient government bureaucracy	11.8
Political instability	10.4
Corruption	10.0
Inadequate supply of infrastructure	8.6
Restrictive labour regulations	8.1
Access to financing	7.7
Poor work ethic in national labour force	7.2
Inadequately educated workforce	3.4
Inflation	3.4
Tax regulations	2.5
Crime and theft	2.3
Foreign currency regulations	1.1
Tax rates	1.1
Poor public health	0.6

Source: World Economic Forum (2011)

Studies conducted on Nepal's private sector, particularly in relation to its role in shaping the livelihoods of the poor, are relatively scarce. There are several studies, mostly from the World Bank and the ADB that discuss the role of the private sector and provide a general economic scenario of the country. World Bank (2010d), for example, claims that there has been a rapid expansion of private sector credit due to negative interest structures. With political uncertainty and a generally poor business environment, ADB (2011a) have recommended that the concerned state authorities should work towards developing a clear policy for public-private partnerships.

### **3.3.3 International actors and foreign aid**

On the whole, the international community has been committed to supporting post-conflict reconstruction in Nepal. During the conflict period, 12 major aid agencies put together the Basic Operating Guidelines designed to minimise the effect of the conflict on their development programmes. In 2010, 13 agencies active in Nepal developed the Nepal Peace and Development Strategy 2010-2015 and handed it to the government, emphasising economic growth, sustainable peace and strong democracy through development, and outlining support for short-term and long-term programmes related to livelihoods promotion and economic activity. Under the recovery programme, it identifies reconstruction of damaged infrastructures, mine action, youth employment, economic growth and peace and the delivery of peace dividends as key concerns. Similarly, it recommends a stronger focus on areas such as promoting social inclusion and inclusive growth, addressing inequality, strengthening rule of law, transforming security sector, acceleration of employment, restructuring the state, land reform, and good governance. The creation of the Nepal Peace Trust Fund (NPTF) along with the establishment of the Peace Fund by UNDP signified the commitment of donor agencies to supporting socio-economic progress and capacity building in Nepal.

For the last 20 years, Nepal has been largely dependent on foreign aid. This foreign aid assistance has steadily risen to a level where at one point disbursements constituted around 80 percent of the development budget (Sharma, 2002). As of now, foreign aid continues to constitute a large share of the budget (Table 9). Foreign loans and grants have financed more than a third of development expenditure in the last three years. In the latest budget of 2010/11, that figure is estimated to stand at almost 50 percent. Furthermore, the share of grants has been consistently higher than that of loans.



**Table 9: Government budget: Summary of income and expenditure (USD in '000)**

Description	2007/08	2008/09	2009/010	2010/11
	Actual Expenditure	Actual Expenditure	Provisional Expenditure	Estimated Expenditure
Total expenditure*	2.3m	3.1m	3.6m	4.8m
Regular*	1.3m	1.7m	1.9m	2.2m
Development*	1m	1.4m	1.7m	2.6m
Foreign grant in total expenditure	12.59%	12.01%	14.32%	19.34%
Bilateral grant in total expenditure	5.93%	3.97%	6.61%	8.73%
Multilateral Grant	6.66%	8.04%	7.71%	10.61%
Foreign loans in total expenditure	5.56%	4.54%	4.43%	6.58%
Bilateral loans in total expenditure	0.39%	0.28%	1.78%	1.74%
Multilateral loans in total expenditure	5.17%	4.26%	2.66%	4.84%
Foreign grants and loans in total expenditure	18.16%	16.55%	18.76%	25.92%
Foreign grants and loans in development expenditure	42.61%	36.5%	39.8%	49.03%

Source: Modified and adapted from MoF (2010b) \* Figures rounded to 1 decimal place

In comparison to its South Asian neighbours, Nepal receives by far the highest level of Official Development Assistance (ODA) relative to GNI. Indeed, it is the only country where ODA has remained consistently high since 1980 (Table 10).

**Table 10: ODA in South Asia (percentage of GNI)**

Country	1980	1990	1997	2001	2006	2008
Bangladesh	9.9	6.9	2.3	2.1	1.8	2.4
India	1.3	0.4	0.4	0.4	0.2	0.2
<b>Nepal</b>	<b>8.3</b>	<b>11.8</b>	<b>8.3</b>	<b>6.7</b>	<b>5.6</b>	<b>5.6</b>
Pakistan	5.1	2.7	1.0	3.4	1.6	0.9
Sri Lanka	9.8	9.2	2.3	2.1	2.8	1.8

Source: OECD (2010a)

Such a high degree of aid dependency has inevitably had some political implications. Sharma (2008) suggests there has always been a tendency in the domestic political debate to see a correlation between the dominant powers in the country and foreign assistance; it is argued that development through foreign aid has essentially become a metaphor for the maintenance and strengthening of traditional power structures.

The debate among development agencies on how to tackle **poverty in remote rural areas** has resulted in the design and implementation of some promising initiatives in recent years. For example, a multi-donor Rural Reconstruction and Rehabilitation Sector Development Programme has been set up to address regional inequalities, and arguably represents the most visible attempt to date to support the

livelihoods of conflict-affected people. It has engaged in restoring basic social infrastructures, community and public services and livelihoods through income-generation activities that involve rural roads, water supply and sanitation, community development and institutional infrastructure. In addition, several donor funded projects are reorienting their activities to respond to early recovery needs in rural areas – a justifiable shift given the disconnectedness of many remote rural areas from road and transportation networks and basic service facilities (UNDP, 2010).

Many **livelihood interventions** funded by international actors in Nepal have focused on social inclusion and empowerment, forestry, micro-finance, disaster preparedness, humanitarian assistance and agricultural productivity. Key projects and programmes include:

- Decentralised Rural Infrastructure and Livelihood Project
- Capacity Building for Poor Farmers and Disadvantaged Groups in the Eastern Development Region
- Improving the Livelihood of Poor Farmers and Disadvantaged Groups in the EDR
- High Mountain Agribusiness and Livelihood Improvement Project
- Economic and Social Inclusion of the Disadvantaged Poor through Micro-Irrigation
- Reducing Child Malnutrition through Social Protection
- Supporting the Development of a Social Protection Framework for Nepal
- Strengthening of Decentralised Delivery of Services for Vulnerable and Conflict-Affected Families and Children
- Decentralised Action for Children and Women
- Rural Community Infrastructure Works Programme
- Decentralised Rural Infrastructure and Livelihood Project (focused on food for work)
- District Road Support Programme
- Rural Access Programme (focused on cash for work with group saving).

We have been unable to identify rigorous impact evaluations to assess the effectiveness of many of these programmes.

PACT's Women's Empowerment Program (WEP) was established in 1999 with the aim of **empowering women** through savings and credit groups. WEP was different to most microfinance set-ups in that its expansion was based on savings managed by the women themselves rather than credit managed by a hierarchy of staff (Valley Research Group and Mayoux, 2008). Working closely with 240 local NGOs, WEP quickly expanded in its first two years to 6,500 groups and 125,000 group members. The programme was extended following these encouraging results, and is considered highly successful by the World Bank (2011) (see Section 3.4).

In terms of key actors, the World Bank and ADB are two major international financial institutions that support various programmes in Nepal. In particular, ADB's technical support focuses on helping the government develop a National Protection Framework and enhancing institutional and decision making capacity for the management of a consolidated social protection system (ADB, 2011c). UNDP is also a key actor and has been involved in the financing and administration of various poverty reduction programmes over the years (Table 11).



**Table 11: UNDP's poverty reduction programmes in Nepal**

Programmes/project	Target/actions	Donor	Budget	Duration	Implementers
Micro-enterprise development programme (MEDEP)  Three phases: currently in phase 3	Training and supporting more than 50,000 poor rural people to become micro-entrepreneurs	UNDP (USD 7.3m), AusAID (USD 5.3m), CIDA (USD 1.2m), Himal Power Ltd (USD 0.3m)	USD 14.1 million (phase 3, current)	Phase 1 (1998 to 2003 (10 districts))  Phase 2 (2004 to March 2008 (25 districts))  Phase 3 (March 2008 to December 2012 (38 districts))	Ministry of Industry
Livelihood Recovery for Peace (LRP)	Promotes peace and social cohesion by creating livelihoods opportunities in the three Terai districts- Sarlahi, Mahottari and Rautahat; poverty, conflict and natural disasters hinder development; 1.7 million people live in these three districts; mixed ethnic groups; 40% from traditionally disadvantaged groups.	UNDP (USD 4.5m), BCPR (USD 4.2), Norway (USD 0.1m)	USD 18 million (USD 8.8m funded, USD 9.2m unfunded)	Aug 2009 to Dec 2014	UNDP
Enhancing Access to Financial Services Projects (EAFS)	Poor women in remote areas; low income households; financial branches opened in 27 out of 38 prioritised districts	UNDP (USD 1.5m), UNCDF(USD 1.5m)	USD 3 million	November 2008 to 31 December 2012	Nepal Rastra Bank throughout Nepal (central Bank of Nepal) throughout Nepal targeting remote areas
Public Private Partnership of Urban Environment (PPPUE)	58 municipal authorities that have been struggling to provide their rapidly growing populations with clean drinking water, waste disposal, sanitation and other services; 13 are currently the implementing partners	UNDP (USD 2.4m), Asian Development Bank (USD 0.5m), Netherlands (USD 0.15m), UNOPS (USD 0.03m)	USD 4.4 million (USD 3.1m funded)	March 2002 to December 2012 (phases 1 and 2)	Ministry of Local Development (MoLD)
Strengthening Planning and Monitoring Capacity of NPC (SNPC)	Support the national planning body to make Nepal's planning and monitoring development results oriented, evidence-based, MDG sensitive and gender and social inclusion responsive	USD 1,054,000	UNDP (USD 0.5m), DFID (USD 0.3m)	October 2009 to September 2012	National Planning Commission (NPC)

Source: <http://www.undp.org.np/poverty-reduction/program/snpc-125.html>

### 3.4 What's worked? Evidence of impacts of livelihood interventions

There is **limited empirical evidence regarding the impact of specific interventions upon people's lives and livelihoods**, nor has there been many robust evaluations made of their effectiveness. Many of those that do exist are preoccupied more with inputs and outputs than outcomes and impacts (see, for example, Rushton et al., 2005 on the government's measurement of policy success in the area of livestock and rural technology). This is perhaps surprising given the number of interventions that have been rolled out over the last decade, and particularly since the end of the conflict. For example, the UNDP Rural-Urban Partnership Programme was in existence for a whole decade and almost completely throughout the duration of the armed conflict, but it is hard to identify robust impact assessments of either the programme as a whole or its specific interventions.

As noted earlier, government-driven policies and programmes have contributed in some ways to improving people's livelihoods. Yet, at the same time, it is clear that the government's capacity to respond to the insecurities and vulnerabilities faced by the people has been affected by ten years of conflict. Seddon and Hussein (2002) argue that the conflict resulted in a substantial withdrawal of local government officials and line ministry personnel from conflict-affected areas. The limited institutional and financial capacity significantly affected the ability of the government to adequately address the livelihood needs and vulnerabilities of the population. Sharma and Donini (2010) suggest that although the government's efforts have been important for rehabilitating the infrastructure and public facilities that were destroyed during the conflict, people in rural areas remain poor. Further, social inequalities remain part of many everyday realities in Nepal, and Chandran et al. (2008) suggest that the government and development agencies have not been able (or even willing) to reach the remote areas beyond the capital or major regional hubs.

There are some critical views of **the role of foreign aid** in bringing about significant improvements in socio-economic conditions and building government capacity in Nepal. Sharma (2008) argues that despite huge inflows of aid, the common view is that the aid channelled through government line ministries has not resulted in effective poverty reduction. He alleges that it is mainly due to the misuse of funds or misplaced economic priorities. Indeed, analyses of aid effectiveness by Sharma et al. (2004) and Panday (2009) suggest that development aid resources in Nepal can often be misallocated or misused. Seddon and Hussein (2002) argue that national and international development agencies failed to strengthen the capacity and commitment of state structures or to change practices at the local level during the conflict years. They suggest there was, at the time, surprisingly little coordination between agencies – a situation that improved only from 2002 when development agencies began formulating more coherent and systematic responses to the conflict. A study by Geiser (2005) also concludes that foreign aid has, by and large, not been successful in addressing people's needs and aspirations. On the other hand, Pyakuryal et al. (2008) claim that Nepal has made some positive gains through foreign aid, particularly after the Foreign Aid Policy of 2002. They justify their claim by pointing to various positive examples, such as the establishment of the Poverty Alleviation Fund and the receipt of the Poverty Reduction Support Credit.

The remaining part of this sub-section discusses the outcomes and impacts of specific interventions for which there is available evidence.

There is some **evidence on the impact of activities to support agricultural development**. Using both cross-sectional and panel household data (taken from the Nepal Living Standards Surveys 1 (1995/96) and 2 (2003/04)), as well as public expenditure data for roughly the same period, Dillon et al. (2011) provide a quantitative assessment of the impact of access to rural road, irrigation and extension services in Nepal. They find the following (Dillon et al., 2011: 257-8):

- rural investments in roads have welfare-improving effects on households, either as measured by land values, consumption growth, poverty reduction, or agricultural income growth;
- the welfare effects of both irrigation and extension services, whilst usually positive, are either significant or insignificant depending on the dataset used. Interpreting their results, the authors suggest that because of the disruptions of conflict, agricultural extension agents might have had valid reasons not to visit farmers in certain rural areas. Thus, the impacts of extension services

on household welfare may well have been negligible for the simple reason that they could not be delivered.

As part of the DFID-funded **Livestock Technology Change, Livelihoods Impact and Policy Lessons project** (LTIP-Nepal), Rushton et al. (2005) produced an extensive report on Nepal's agriculture sector, livestock policies and technologies, and livelihoods. The report was based on a solid methodology, including a literature and policy review, as well as data collected from 12 villages in three Districts using quantitative and qualitative methods. Gender analysis was also carried out in two villages. The authors of the study report a number of interesting findings, which are summarised briefly below:

- the literature review found that when Nepalis have access to resources and are provided with appropriate economic incentives, they are willing and able to adopt and adapt technologies. However, access to resources is related to ethnic and caste background (pp. 90-91)
- the government's livestock policies and technologies have focused solely on increasing production, meaning a number of important productivity issues have been ignored, including: returns per land area; returns to labour; the competition of activities at household level for resources; and inter-group heterogeneity in terms of education levels, access to resources and socio-economic status in general (p. 92)
- this has meant that some technologies have been inappropriate to context, which has in turn led to less successful technology adoption (pp. 92-93)
- the focus on production has also encouraged the government to measure policy success in terms of production and input targets at the expense of measurements more relevant to beneficiary outcomes (e.g. household income) (pp. 97-98)
- the government has, on occasion, failed to create a positive enabling environment for technology adoption – for example, in terms of trade regulation, cumbersome privatisation processes, and inflexible land tenure laws – which has contributed to poor outcomes (pp. 94-95)
- broadly speaking, the report hints at the role played by the political economy of agriculture and rural labour in shaping outcomes for beneficiaries.

Since 1997, the **Rural-Urban Partnership Programme** (RUPP) has been funded by UNDP and implemented by UNCHS (see Sheng, n.d.: 18). The central idea underpinning the programme is that the poverty alleviation potential of agricultural commercialisation and rural production has been constrained by the absence of market linkages and market information. Thus, at the municipal and rural-urban level, RUPP has supported both the construction of rural markets centres and key sections of roads and bridges, as well as the development of institutional and service linkages between rural and municipal market centres. At the community level, RUPP has provided credit to small groups of entrepreneurs (around NPR 25,000 per group of five) through the Tole/Lane Organisation (TLO). By 2000, RUPP had supported over 250 enterprises and disbursed NPR 5.4 million, and the programme has since been extended into a second phase (2002 – 2003) and a third phase (2004 – 2007), with slightly modified objectives each time (for more information see Adhikari and Shrestha, 2007: 6-7). The study by Adhikari and Shrestha (2007) attributes a range of positive outcomes to the programme, including improvements in urban service delivery, and the extension of ICT services without discrimination to poor and marginalised socio-economic groups.

One must analyse the effectiveness of the existing interventions in the context of the actual resource constraints that most individuals experience today in Nepal. One factor that causes vulnerability among the people is the **limited access to assets**. A report by UNDP (1997) suggests that asset ownership reduces people's vulnerability and builds their resilience. In particular, landlessness is a serious problem in Nepal (UNDP, 2009). Land is perhaps the most important economic asset that provides the basis for generating income, economic production and safe livelihoods. Nepali (2008) and Upreti et al. (2008) suggest that land is critical for the livelihoods of a large number of poor farmers and minorities. Besides physical benefits, land is also a source of power and a symbol of pride, dignity and prosperity (Allendorf 2007: 1976; Bhandari 2001: 168). Those with poor land entitlement are systematically marginalised and excluded from productive opportunities.

The Nepal Living Standard Survey (NLSS) of 2003-04 highlights that poverty is largely concentrated among land-dependent households who do not own land. They either lease land, or work as labourers for landlords. Depending on which region they are from, these **bonded labourers** are referred to as

Kamaiya, Haliya, Haruwa, and Charuwa. Other farmers tend to work on a sharecrop basis. A land reform debate has begun following the peace agreement, but not much progress has been made so far. The incidence of poverty among this group was almost 56 percent in 1995-96. It remained high in 2003-04 at 54 percent (nationally the poverty rate declined from 42 percent in 1995/96 to 31 percent in 2003/04) (CBS, 2004). Furthermore, land ownership and productivity of resources in rural Nepal are rapidly declining due to population pressure and environmental degradation, and the effects of climate change on the people, especially on those living in the Himalayas, have begun to increase in visibility in recent years.

Allendorf (2007) uses data from the 2001 Nepal Demographic and Health Survey to investigate whether **women's land rights** empower women and benefit the health of young children.<sup>6</sup> Using statistical tests, and after accounting for socio-economic characteristics, household structure, and other sources of empowerment, the author finds a positive association between women's land rights and empowerment (as measured by her participation in household decision-making; see Footnote). However, more than anything else (land ownership, cash employment, primary education, secondary education), a woman's position within the structure of the household emerges as the most influential source of empowerment. In other words, the wife of the household head is likely – and perhaps unsurprisingly – to be more closely involved in household decision-making than, say, a daughter-in-law or sister-in-law (Allendorf 2007: 1980-83). In terms of the effect of women's land ownership on children's health, the author finds that the odds that a child is severely underweight are reduced by half if their mother owns land. Indeed, increased empowerment through land ownership may itself be the transmission mechanism for better child health. Whilst insightful at a general level, Allendorf's study does not explore the geography of women's land ownership and empowerment and thus cannot, unfortunately, tell us anything about the impact of conflict on households in these regards.

**PACT's Women's Empowerment Program (WEP)** is a well-known livelihoods and empowerment intervention that appears to be going from strength to strength. In operation since 1999, WEP has recently received attention and praise in the World Development Report 2011 (World Bank, 2011: 163), who, in its report, draws on an impact evaluation conducted by Ashe and Parrott (2001) (based on individual and group questionnaires), citing improvements in literacy, increases in self-confidence, greater influence within the household, and higher numbers of women in business (women were found to be earning an 18-24 percent average return on their savings). The Ashe and Parrott (2001) study itself mentions a number of other promising outcomes, many of which relate to the design and implementation of the programme (i.e. 'internal outcomes'). For example, although WEP was not originally designed to actively target the poor, it was reported that 45 percent of group members were in fact poor women. Furthermore, the programme generated a number of wider, group-based outcomes, such as the transformation of 1,500 groups into informal sector Village Banks.

A study by Valley Research Group and Mayoux (2008) sheds some light on the effects of the conflict on the WEP programme (which at this stage became to be known as WORTH programme), particularly regarding its ability to self-sustain (formal programme support ended just as the insurgency escalated and disruptions to everyday life increased). The purpose of this evaluation was to determine whether any of the 1,500 Village Banks still existed – in spite of the conflict – and to assess how they were performing. The study was also interested in how the programme had affected women's ability to generate incomes and tackled broader social issues, such as community development. Research teams were able to identify 288 Village Banks and interviewed members from each of them, using a total of five survey instruments over two phases of research. A number of control and comparison groups were also sampled, including 157 poor, non-WORTH women in Village Bank communities, 153 former group members, and 158 members of WORTH groups that had been dissolved.

In terms of internal, programme-focused outcomes, the sustainability and replication of the groups has been impressive. Roughly two-thirds of the original 1,500 Village Banks (in 2001) were still active, and

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<sup>6</sup> Empowerment is difficult to measure and capture. Allendorf creates two measures of empowerment by drawing on four questions asked in the NDHS relating to household decision-making. Each questions asked who in the household had the final say on: i) their own health care; ii) making large household purchases; iii) making household purchases for daily needs; and iv) visits to family, friends and relatives. Allendorf's first measure is an empowerment scale which ranks the total number of decisions a woman in the household has a final say on, either alone or jointly. The author claims this measure has high internal reliability. The second measure is comparative and differentiates between women who had the final say alone and those who made it jointly. Allendorf suggests it is possible there is qualitative difference between the two.

an estimated 425 new groups had been established with the help of existing WORTH groups. In terms of group wealth creation, a Village Bank today holds the average total assets of over NPRs 211,000 (USD 3,100) – more than three times its holdings in 2001. If we look at external outcomes (i.e. effects on programme beneficiaries), we can see that 83 percent of respondents reported that, because of WORTH, they have been able to send more of their children to school, while 43 percent reported their degree of freedom from domestic violence had changed as a result of their membership. In addition, the ‘overwhelming majority’ of women attributed their increased access to health services for their families to WORTH, and there are also indications that the programme enhanced collective action and social cohesion. Finally, almost half those interviewed said that WORTH made them better equipped to cope with the conflict and the collapse of government services. The study by Valley Research Group and Mayoux (2008) thus provides compelling evidence that not only can externally introduced livelihoods programmes become self-sustaining and generate significant positive impacts for beneficiaries, but that they can also cope with and even outlive the highly disruptive effects of intense violent conflict, providing the design is workable.

## 4 Basic services

There are three main sectors which fall under the umbrella of basic services in Nepal: education, health, and drinking water and sanitation (see UNICEF and NPC, 2010). **This review focuses on coverage, delivery modalities, and financing, as well as mechanisms for state responsiveness in relation to these sectors.** It is, therefore, concerned primarily with the supply-side of service delivery in Nepal – i.e. the mechanisms, partnerships and methods to build capacity to deliver services – rather than the experience of the end-user or the demand-side constraints that might prevent poor people from accessing these services.

It has been suggested that the lack of public services in the poorest parts of Nepal may have increased support for the Maoists and even contributed to conflict (Ali et al., 2011: 9-10; Berry and Igboemeka, 2005). Certainly, it is possible to identify spatial correlations between poverty levels, conflict intensity and service provision, but we do not have the evidence necessary to establish a link of causality in this relationship. Even so, service delivery remains important for a variety of reasons in the Nepalese context, not least because it is one area in which social exclusion manifests in the most tangible of ways.

In working towards the Millennium Development Goals, the government of Nepal has made enormous progress in areas of basic services such as education, health and sanitation. At the same time, the recently published MDGs Need Assessment Report for Nepal 2010 indicates that it requires USD 6.45 billion to reach the MDGs. Out of this figure, USD 1.69 billion is lacking for education and USD 29.7 million for health. Furthermore, given the historical structure of Nepalese society, it is important to consider inter-group differences in terms of coverage and access. This has been acknowledged by the Nepalese government. When it comes to people's access to essential services, Nepal remains highly unequal in the post-conflict period. The excluded and the poor are mostly women and children, indigenous ethnic nationalities, Dalits, Madhesis, the disadvantaged and those living in mountain zones, in particular those in the far-western region.

### 4.1 Providers of basic services

On delivery modalities, we find **there is a mix of service providers, with the government mainly playing a policy and provision role.** Decentralisation of sectors has been a key issue and it is claimed that in places where the state has withdrawn, success has followed (Lawoti, 2007). Most of the financing of public services comes from the government, donors and 'out-of-pocket' expenditure, with sizeable differences in the share of the budget allocated to health, education and water.

#### 4.1.1 The state

The government of Nepal has declared a policy of spending at least 20 percent of the total allocated budget on the basic services sector as per the 20/20 Compact. The Compact provides budgetary contributions to the social sector which can be matched with donor funding from a designated matching fund (NPC and UNICEF, 2010). Also of note is the prioritisation of programmes as per the Medium-Term Expenditure Framework. Highest priority programmes are categorised as P1 type, with the second and third priority programmes categorised as P2 and P3 respectively. Of all the basic services programmes, four-fifths are ranked as topmost priority and less than one-fifth are in the P2 category (NPC, 2002).

Unlike the generalised assignments of certain ministries to provide basic services in the past, the provision of services has become more specialised in recent years. In the past, it was mostly the sectoral ministries, such as the Ministry of Education, Ministry of Health, Department of Drinking Water and Sanitation, and the Ministry of Physical Planning and Works, that were responsible for such services. At present, however, we can also see the engagement of specialised ministries, such as the Ministry of Social Works and Women and Children, and Ministry of Local Development, who are involved in providing basic services and social protection.

It is increasingly apparent that **people's trust in and perceptions of public institutions – such as the police, political parties, government-run health and education services – are determined first and**



**foremost by the performance of those institutions.** This is borne out by findings from a recent country-wide questionnaire survey of 1,836 households carried out in 2008 (Askvik et al., 2011).<sup>7</sup> The same survey data also reveal a positive co-relationship between respondent satisfaction with service provision and high levels of trust in Nepal's health and education institutions – indeed, out of all the public institutions, education and health are trusted the most. What is perhaps surprising is that the authors found a weak relationship between identity variables and institutional trust, suggesting little differentiation between advantaged and disadvantaged groups in terms of institutional support (Askvik et al., 2011: 430). More broadly, the survey data indicates that positive interaction with and experience of public institutions builds confidence in them among Nepali people.

#### **4.1.2 International actors and foreign aid**

International actors, including donors, UN agencies and INGOs, have had significant involvement in service delivery in Nepal. However, it is not clear to what extent donor involvement has helped to enhance state capacity in service delivery. Indeed, it has been suggested that donors dominate the development agenda setting, and that they often advance conditions that do not correspond to the country's priorities (Sharma, 2010). On the positive side, international actors have been involved in research programmes with NPC and CBS, thereby helping create a database for further development interventions. Many of them have been striving for the attainment of the MDGs by supporting projects that promote girls' education, distribute food packs for school goers and improve drinking water supply and sanitation, assisted by development partners such as ADB and UNICEF. The World Bank and DANIDA are also contributing to education, while DFID, the United States Agency for International Development (USAID), WHO and SDC are all engaged in the health sector. The UN is supporting food security, with a number of UN agencies involved in supporting the livelihood and rehabilitation of the 19,602 Maoist combatants living in various cantonments (Köhler et al., 2009a).

In the health and education sectors, the major aid actors in Nepal are working within the Sector-Wide Approach (SWAp) framework and focusing on basic health and primary education. So far there is no SWAp framework for water and other sectors, but there has been funding for individual programmes or groups (e.g. Rural Reconstruction and Rehabilitation Sector Development Programme, Multi-stakeholder Forestry Programme). The exact amount of foreign money invested in specific sectors in Nepal is hard to trace, given that the different international agencies also directly invest aid. Funding tends to come in the form of indirect assistance, in addition to the official development aid obtained by the government from bilateral and multi-lateral agencies. In this regard, the government is trying to implement a one-window policy to manage the inflow of foreign aid, but with little success, largely attributed to its weak capacity in the delivery of services. This is an issue that echoes the concerns of the Paris Declaration of Aid Effectiveness and the Accra Plan of Action.

#### **4.1.3 The private sector**

Private sector involvement is by and large limited to the cities and rarely seen in rural areas (Köhler et al., 2009). The improved facilities run in urban areas include privately owned nursing homes, some of which are highly equipped and well-staffed, and offer a better quality of health services than the government hospitals are capable of. However, generally speaking, they remain beyond the affordability of the poor. The same applies to English-medium private schools.

There is no private sector involvement in drinking water and sanitation in rural areas, where people have to rely on digging wells. In the hills and mountains, people bring water from distant sources. In contrast, there is an increasing number of deep tube well installations by private companies in urban areas which sell readily available fresh water.

More broadly, however, we know relatively little about the role of the private sector in basic service delivery in Nepal, largely due to the fact that studies into basic social services tend to lack analysis of the role of the private sector (UNICEF et al., 2010).

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<sup>7</sup> The researchers originally planned on capturing a nationally representative sample, but constraints meant their actual sample was biased towards men, educated people and urban dwellers

## 4.2 Health

Nepal's decade-long conflict exerted several adverse effects on the health sector, and left more than a thousand units of health-related infrastructure broken and in disrepair (Devkota and van Teijlingen, 2010). The conflict also obstructed the implementation of many health programmes planned by government and non-government organisations. Based on key informant interviews and a review of secondary statistical data, Hart (2001: 22) reports that the conflict undoubtedly worsened the state of the country's health service – both in terms of exacerbating staffing problems (supply side) and further restricting villagers' access to health facilities (demand side).

However, it is also important to note, as Hart does, that health provision was generally at a low level even before the war, particularly in remote rural areas; indeed, it is 'somewhat irrelevant to talk about negative effects upon services due to conflict' (Hart, 2001: 22). That said, Hart's research was carried out in 2001 during the midst of the unrest and at a time when good data was scarce, and our knowledge has since improved. In particular, Devkota and van Teijlingen (2009) have carried out a broad-based synthesis of the evidence on conflict and health in Nepal, identifying 45 articles and documents of relevance. They conclude that, although the exact extent of the impact of the war on people's health status is hard to establish due to a lack of evidence, the war certainly aggravated the already poor (pre-1996) state of the country's healthcare system. These effects are outlined in Box 1.



## Box 1: The effects of the 'People's War' on health in Nepal: What the evidence tells us

### Effects on the health workforce:

- More than a dozen health workers have been killed, and many more harassed, kidnapped and threatened by the warring parties (see Collins, 2006; Mukhida, 2006)
- Many health workers showed 'dual loyalty' to the Maoists and the government forces, but at the same time faced threats from both sides when carrying out their duties (see Maskey, 2004; Sharma et al., 2002)
- There were reports that many health care workers left their jobs as a result of insecurity, harassment, extortion and threats by both sides (see Pettigrew et al., 2003; Maskey, 2004)

### Effects on treatment seeking:

- As many as 20,000 people did not seek medical attention due to fear of being wrongly accused of collusion with Maoist rebels (see Pavignani and Colombo, 2001; Singh et al., 2005; Stevenson, 2002)
- There have been reports that rebels kidnapped health workers and confiscated medicine and equipment, while the government seized vehicles and medicines and put pressure on medical professionals to write misleading reports (Maskey, 2004)

### Effects on people's health:

- It is estimated that 100,000 children have been affected by the war; 10-15% of government soldiers and around 30% of Maoist combatants were younger than 18 years of age (Singh et al., 2005a)
- Two separate assessments found that Global Acute Malnutrition rates among Nepalese children younger than 5 years of age were higher than the international crisis threshold (Bornemisza and Checchi, 2006)
- Increased incidence of depression, post-traumatic stress disorder and suicide. Survey data collected from 290 IDPs in 2003 revealed that almost all respondents reported trauma, more than 80% suffered from anxiety and depression, and more than half demonstrated symptoms of post-traumatic stress disorder (Thapa and Hauff, 2005)
- Reported increases in prostitution and girl trafficking (Singh et al., 2005)
- 80 percent of health facilities were shut down in Rolpa district in 2007 (Ali et al., 2011)
- Under-five, infant and neonatal mortality rates were twice as high in the Mid-Western region (new-born mortality rate 57, infant mortality rate 97, and under-5 mortality 122 per 1,000) than in the rest of the country (33, 48 and 61 respectively) (MoHP, New ERA, and Macro International Inc., 2007, in Ali et al., 2011)

### Effects on health programmes:

- Four international NGO suspended their health programmes in western Nepal in 2005 because of rebel attacks on aid workers (Kieveilitza and Polzer, 2002)
- Systematic data and published literature on declining health indices as a result of the conflict are not available
- The overall outlook of the insurgents towards health programmes and workers was positive, and special national health campaigns, such as National Immunization Day, were hardly affected (Collins, 2006; World Bank, 2005)
- In terms of some of the conflict's positive effects, coordination in the health sector between the Ministry of Health and Population, the National Planning Commission and external partners improved. At the local level, conflict encouraged the implementation of inclusive and transparent humanitarian programmes, and it also increased recognition of the role of civil society and community groups in health and development activities (Beun and Neupane, 2003; Pettigrew et al., 2003)

Source: Mostly from Devkota and van Teijlingen (2009: 379-80); also Ali et al. (2011)

The review undertaken by Devkota and van Teijlingen (2009) provides insights into the nature of health service delivery during the conflict. Of particular interest is the **creation of a rudimentary, parallel health system** by the Maoists. Having started by training a set of health workers in order, first and foremost, to treat wounded combatants, the Maoists began to extend this service into rural villages where people had no access to health workers. They also ran community hospitals and health centres in areas under rebel control, thereby establishing health departments at all levels, from central to regional and district. Yet, while the Maoists' training regime undergone by new health workers has been documented descriptively (Vibhishikha, 2006), no data on the workers' competence, level of education and opportunities for practical exposure are available. Furthermore, despite Maoist claims of wide provision and great success, the overall size and extent of their health service efforts were relatively small, and we simply do not know how effective their health workers were. In addition, it has been reported that some villagers interpreted their health interventions as little more than propaganda (IRIN, 2005).

Further work by Devkota and van Teijlingen (2012) explores the **motivations of rebel health workers**. Through small-scale but in-depth qualitative research with 15 Maoist health workers (six females and nine males), the authors find a mix of individual, political and socio-cultural factors were responsible for motivating enlistment. These include: desire to serve people; political conviction and appeal of Maoist ideology; state atrocity and injustice; involvement of family in the conflict; and grievance over and dissatisfaction with existing service delivery. In addition, the authors identify two sets of factors that generally *did not* act as motivators. These were financial incentives and gaining social status, which somewhat contradicts much of the orthodoxy underpinning rebel recruitment theories.

It has been argued that as a result of its focus on a political and security agenda, the government has overlooked the possibility of integrating Maoist-run health services, which are typically present in rural areas where people have difficulty accessing health workers, into the mainstream health system (Devkota and van Teijlingen, 2009). There has not yet been a study into the potential for integration, but the challenge of doing so will likely be more political than technical; indeed, the extent to which integration is possible depends largely on the nature of Nepal's post-conflict political settlement (ibid.).

In FY2009/2010, it was estimated that the **number of health facilities** in Nepal amounted to: 117 government, non-governmental and private teaching hospitals; 208 primary health care centres/health centres; 675 health posts; 3,127 sub-health posts; and 13,180 Primary Health care outreach clinic sites. These services are supported by 48,489 female community health volunteers.

There has been **good progress on key health indicators since the end of the war**. Child mortality decreased from 43 per thousand live births in 1996 to 14 in 2010, the maternal mortality rate fell from 415 deaths in 2001 to 229 in 2009, and under-five mortality has decreased in recent years (MoHP, 2010, in Ali et al., 2011; NPC, 2010b). There has also been a notable achievement in controlling HIV/AIDS and *Kala Ajar* (black fever) (NPC, 2010b). In terms of child healthcare, recent survey data from the Nepal Demographic and Health Survey (NDHS) (2011: 9) show that '87 percent of Nepalese children aged 12–23 months have received all recommended vaccines—one dose each of BCG and measles and three doses each of DPT and polio'. Vaccination coverage is high across the country, with 90 percent coverage rates in urban areas and 87 percent in rural areas. In addition, data from the Ministry of Finance show that 2,219,392 persons have used the family planning services, and alternate medicine, such as Ayurvedic health services, are freely available to nearly one million people.

In terms of **healthcare for women**, recent NDHS (2011) data suggest promising improvements. In particular, a total of 60 percent of Nepalese women now receive antenatal care from professionals such as doctors and nurses or midwives (the figure was 44 percent in 2006). In terms of delivery, 36 percent of babies are delivered by doctors, nurses or midwives, while 11 percent are still delivered by a traditional birth attendant, although there are marked differences between rural and urban areas: 32 percent of women seek skilled assistance in rural areas, while the figure is 73 percent in urban ones (NDHS, 2011: 7). Almost all (99 percent) women aged 15-49 have some knowledge of family planning and methods, such as sterilisation, injectables, and the use of condoms. On the supply side, there has been an improvement in family planning provisions, with the government supplying 69 percent of contraceptives. The private sector provides 21 percent of contraceptives, including half the number of the pills and a quarter of injectables. NGOs provide 8 percent of contraceptives.

The level of education is an important factor that affects women's understanding of reproductive health. Indeed, according to NDHS (2011: 7) data, the most common reason for 62 percent of women for not using health facilities for delivery facility 'is the belief that it is not necessary'. NDHS (2011) data show that women who have passed their School Leaving Certificate (SLC) are more than three times likely to seek out skilled providers for delivery than women with no education. A minority of women are aware that abortion is legal, with the highest proportion of abortions occurring 'among older women age 35-49 (14 percent), those with four or more previous pregnancies (16 percent), and among women from the wealthiest households (18 percent)' (NDHS, 2011: 8). The private sector remains the preferred route for women in need of an abortion. Data show that 36 percent of women visited the private sector, 34 percent visited the non-government sector and 19 percent visited the government sector.

Costs can deter women from seeking hospital based delivery and reproductive care. Recent research reveals that **women in Kathmandu regularly have to pay informal fees for maternal care** (Simkhada et al., 2012). Although not substantial, when combined with the formal registration fee and other formal costs, the total expenditure allocated to hospital delivery is significant for the average Nepalese household, and even more so for poorer ones. The study is based on a mixed-methods research, including questionnaire-based interviews with 234 women; semi-structured in-depth interviews with a sub-sample of ten couples; and use of statistical tests, based on a sample taken from just the one hospital.

Simkhada et al. (2012) go on to suggest that Nepal's Safe Delivery Incentives Programme (SDIP), which was introduced in 2005 and involves the payment of a conditional cash transfer to women in order to promote the use of skilled birth attendants in public, possibly holds the key to ensuring greater equity in healthcare by making services more affordable for poor households. Another barrier to the use of skilled birth attendants and hospital delivery is the costs of travel to a delivery facility, which can constitute up to half the total delivery expenditure (Borghini et al. 2006).

### 4.3 Education

Drawing on qualitative interviews in six districts, Pherali (2011: 136) suggests that weaknesses in the education system in Nepal 'contributed to generate and fuel the "ideology-led" Maoist rebellion' and that this subsequently led to schools becoming a 'battlefield in the violent conflict'. Students and young adults were approached and trained by the Maoists through schools, which resulted in many children and youth swapping books for weapons, and there is some evidence that a lack of access to education may have played a role in encouraging voluntary participation in the rebellion, as illustrated by one girl's testimony, quoted in Hart (2001: 28):

You didn't give me a chance to study and now I am eager to solve the problems of the people and the nation. I want to fight for liberation. If you won't allow me to go, I will rebel.

Yet, although exclusion may have been a factor in joining (in most rural areas, for example, only boys were allowed to go to school, and the Maoist agenda included eliminating gender- and caste-based exclusion from schooling (Hart, 2001: 27)), the Maoists have been widely accused of forcing the country's youth to join the rebellion – an accusation which is supported by numerous accounts of child abduction and torture (Hutt, 2004; Sharma and Khadka, 2006; Thapa and Sijapati, 2004; Watchlist, 2005, in Pherali, 2011: 137).

In terms of efforts to stabilise and improve Nepal's education system in the post-conflict period, a number of measures have been taken and a number of projects implemented. At the highest level, the 2006 Comprehensive Peace Agreement declared that no conflict should intervene in education or educational institutions, terrorise students and teachers, or turn schools into battlefields (Dupuy, 2008). Regarding policies, over the last ten years or so, the government has introduced a policy of decentralising school management to local communities. During the period of 2002/03 to 2009/10, for example, a total of 9,810 schools (including 6,644 primary level, 236 lower secondary level and 1,030 secondary level) were decentralised in a bid to empower communities (MoF, 2010a). And in terms of major projects, the Ministry of Education introduced the School Sector Reform Plan (SSRP) in 2009 with an estimated total cost of USD 2.6 billion over its first five years (Pherali et al., 2011). The

SSRP contains various components, including school reforms and teacher training, but it is more focused on public schools than private ones.

**It is likely that the MDG target on primary education will be met.** The Ministry of Education reveals that the primary net enrolment rate increased from 87 percent in 2005 to 94 percent in 2012 (MoE, 2009, in Ali et al., 2011), and gender equality in education has also improved considerably.

But **significant differences persist within the education system**, which is divided broadly into private and government school systems. Government schools tend to have weaker infrastructure and lower quality teaching methods, but higher quality private schools – where most parents (as well as teachers working in government schools) would prefer to send their children (Pherali et al., 2011) – remain largely unaffordable for the average Nepali. Further, even though public schools feature English as a core subjects in their curriculum, students are taught in Nepali (whereas in private schools students are taught in English). Since students have to sit examinations in English, those from public schools tend to comprehend less. Similarly, many government schools lack certain learning facilities, such as science laboratories, meaning their students are not prepared for some of the more practical examinations when working towards their School Leaving Certificates (SLCs). Such imbalances risk creating and entrenching divisions between public and private students' educational outcomes that may reinforce patterns of inequality throughout Nepalese society.

Of all girls studying at primary level, around 50 percent (761,638) of underprivileged and financially insecure students obtained scholarships in 2008/09. In the same year, 823,764 Dalit students studying at primary and secondary levels received scholarships through the Education for All (EFA) programme – an initiative designed to address issues of exclusion within the education system (Vaux et al. 2006), although one which has been recently criticised for falling short of targets (Lohani et al., 2010).<sup>8</sup> In addition, 60,000 secondary level students received scholarships through the Secondary Education Support Programme, and stipends were provided to primary, lower secondary and secondary level students of marginalised communities, such as Chepang, Raute, Mushahar, Dom, Dushad and Badi. In all, **more than one million Dalit students from Grades 1 to 8 obtained scholarships.**

Pherali et al. (2011) have conducted a political economy analysis of education in Nepal, consisting of three phases: first, desk-based work to understand the education system of Nepal complemented with macro-economic analysis; second, stakeholder mapping in Kathmandu; and third, field visits to 27 schools (21 government and 6 private) in ten districts across the country. The study reveals some useful insights regarding **political economy problems affecting the operation and quality of the education system in Nepal:**

- Findings highlight the political nature of the appointment process for teachers in public schools and in particular how political parties attempt to appoint their favoured candidates. In contrast, and generally speaking, private school teachers
- There has also been a shortage of teachers in major subject areas, such as maths, English and science
- Pressure from schools and officials to secure high pass rates for SLCs sometimes leads to teachers encouraging their students to cheat in examinations.
- District Education Officers insist that much of their time is taken up by 'responding to complaints, rather than taking a lead in implementation of education policy in the local district' (ibid.: 10).

In addition to the above, concerns have been voiced over the growing number of students and increasing pressures on classroom size (Vaux et al., 2006), as well as over the low availability of teachers in remote areas.

In terms of policy options for the future, Vaux et al. (2006) recommend that donors plan initiatives to address existing drawbacks in the short-, medium- and long-term. In the short-term, they suggest

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<sup>8</sup> The Economic Survey (MoF, 2010a) documents the establishment of 24,773 Child Development Centres (CDCs) against a target of 17,750 during 2004/05 to 2009/10.

collaborating with schools, teachers and management in order to find ways of creating more physical space to cope with the increasing number of students, and recommend encouraging political parties to formulate effective plans and policies on education. In the medium-term, strategies include working on conflict transformation through various consultation, engagement and dissemination works. And in the long-term, the focus should be on stimulating debates on education reforms and bringing in a new system of education that addresses, among other problems, the English language barrier faced by teachers.

#### **4.4 Water and sanitation**

Access to safe drinking water is another major challenge in providing basic services in Nepal. Currently, an estimated 5.6 million Nepalis (around 20 percent of the population) lack access to safe drinking water (CBS, 2009; DWSS, 2010). Devkota (2007) suggests that 92 percent of piped water supplies and 25 percent of tube wells are either out of operation or in need of repair and maintenance. Recent financing studies (MoF, 2009; WaterAid Nepal, 2008) have calculated that the country needs an annual investment of NPR 7.5 billion (USD 108 million) to meet the national goal of providing everyone with safe drinking water and sanitation facilities by 2017.

**Sanitation data reveal that use of improved sanitation facilities increased from 30 percent in 2000 to 43 percent in 2010.** However, at the same time, the general state of sanitation in Nepal yields public health concerns. According to the recent Nepal MDGs Progress Report (NPC, 2010b), every day 16 million Nepalis (around 57 percent of the population) practice open defecation because they have no toilets, and only 41 percent of public and community schools in Nepal have toilet facilities. Of those, only one in four has separate toilets for female students.

In addition to the government's Department of Water Supply and Sanitation and the Nepal Water Supply Corporation, a number of other organisations are involved in providing drinking water and sanitation services. These include, for example, the Rural Water Supply and Sanitation Fund Development Board, which supports the supply of drinking water by mobilising NGOs. Communities are supported with technical and financial assistance in such partnerships. Other organisations include the Nepal Red Cross Society, Nepal Water for Health, UNICEF and the World Health Organisation (WHO).

**There are various projects designed to support water and sanitation services and practices at the local level.** Community-based drinking water and sanitation projects, as well as Small Town Drinking Water and Sanitation projects, provide basic drinking water facilities at the village and district levels. Drinking Water Quality Improvement Projects are also supporting water treatment systems in some local drinking water supply projects, while small rural settlements rely upon the rainwater harvesting system as a supplementary source. Along with a few other urban areas, deep tube wells in Kathmandu valley have been dug to partially supplement the requirements under the Urban Drinking Water System. Open Defecation Free campaigns have raised the awareness about sanitation issues, and have helped communities with the construction of latrines.

# 5 Social protection

## 5.1 Key actors

Social protection – actions to reduce individual vulnerability and improve people’s wellbeing – has become increasingly visible in Nepal’s public policy environment over the last two decades. Particularly striking is the determination with which the Nepalese state has integrated social protection programming into its broader post-conflict development and reconstruction agenda (Holmes and Uphadya, 2009; Koehler, 2011). As discussed in greater depth below, **since the 1990s, and particularly since the end of the conflict in 2006, the state has taken on increasing responsibility for the financing and delivery of various social protection initiatives**, partly in an attempt to ramp up efforts towards poverty reduction and to address some of the root causes that led to conflict in 1996, and partly in an effort to construct a strong self-image, build legitimacy and – perhaps more cynically – secure popular support (Jones, 2012). As Koehler (2011: 17) argues, ‘the state in Nepal sees itself with responsibilities ranging from public food provision in times of distress through basic social services provision, to environmental management and social inclusion’. Social protection has therefore been framed, at least by the state, as an instrumental tool with multiple applications and objectives, from increasing income and food security, to overcoming social exclusion, to assisting with the process of political healing (ibid.). In a tumultuous and uncertain transitional period (Sharma and Donini, 2010), social protection has thus been assigned an ambitious mandate. However, both challenges to effective social protection delivery and limited evidence of impact call into question this (political) positioning of social protection as panacea.

It is important to note that external actors, such as aid donors and international NGOs, have played – and continue to play – important roles in the promotion, design and implementation of social protection in Nepal. In particular, **a number of large international institutions**, including the World Bank, DFID, ILO and ADB, **have been at the forefront of policy thinking and design, producing valuable analysis and gathering key data** (see, for example, ADB, 2004; ILO, 2004; Kidd and Calder, 2011). That said, the most recently available data suggest we should be careful about overstating the extent to which external institutions are involved in the financing and administration of interventions, at least in relation to the government.

The remainder of this section outlines the roles of the key actors and institutions in Nepal’s social protection arena, describes the initiatives currently being implemented, presents evidence on programme impact and discusses core effectiveness issues.

### 5.1.1 The state

Since the 1990s, and particularly since the official end to armed conflict, the Nepalese state has demonstrated a political commitment to social protection. As Koehler (2011: 10) notes, ‘Social protection transfers have become a highly visible component in social policy since 2008’.

In order to get a sense of the dominance of the state in the area of social protection in Nepal, a glance at the most up-to-date statistics on expenditure is instructive. According to the Ministry of Finance, of the NPR 11.3 billion allocated to social protection for FY2011/12 – 3 percent of the total ‘services and functions’ allocation, and a 15 percent increase on the previous financial year – more than 95 percent is being provided by the Nepalese government. Foreign grants and loans make up a nominal amount. Moreover, Table 12 illustrates that the state plays an instrumental role not only in the financing, but also in the administration of the country’s social protection initiatives. This evidence runs somewhat contrary to the claim made by Barrientos and Hulme four years ago (2008: 10) that, ‘In Nepal much of the social protection effort is a patchwork of aid donor and NGO projects’.

The state’s current interest and engagement in social protection surfaced neither abruptly nor in a vacuum. Indeed, elements of social protection have been part of the regulatory framework for some time now.



The Interim Constitution of Nepal 2063 (2007) views employment and social security as fundamental rights of every citizen. More specifically, Section 18, Part 3 of the Constitution, under the heading 'Rights regarding employment and social security', states that:

- every citizen shall have the right to employment as provided for in the law
- women, labourers, the aged, disabled as well as incapacitated and helpless citizens shall have the right to social security as provided for in the law
- every citizen has the right to food security as provided for in the law.

What this means in practice is that the state has a constitutional responsibility to adopt policies which aim to ensure the socio-economic security of historically marginalised and vulnerable groups, such as children, disabled persons and the elderly. In other words, social security and social protection provisions are now a firm part of the country's regulatory framework (Tiwari 2011).

Yet, even before the Constitution was put in place, a number of Acts, regulations and policies intended to protect such groups had already been adopted by the state. For example, the Social Welfare Act 2049 of 1992 defines 'Social Welfare Activity' as activities oriented towards improving the social and economic status of weak, helpless and disabled individuals. Additional Acts and policies related to social protection in Nepal include: the Children Welfare Act (1992); the Protection and Welfare of Disabled Persons Act (1982); Senior Citizens Working Policies; the National Women's Commission Act (2007); and the Retirement Fund Act (1985). Moreover, the country's Tenth Development Plan (2002-07) identified social exclusion as a fundamental development challenge.

Thus, although Nepal's more recent constitutional adoptions may well have been spurred on by the end of armed conflict in 2006 and shaped by the increased potency of the 'official' narrative of social inclusion – indeed, social expenditure increased dramatically after 2006 (Das and Leino, 2011) – the commitment of the state to providing social security and promoting social inclusion as outlined in the 2007 Interim Constitution simply represented, at the time, the latest in a longer line of pledges that had been built into national policy (predominantly) since the 1990s.

In terms of more recent progress, 2009 saw the formation of the National Steering Committee on Social Protection (NSCSP), which brings together representatives from various Ministries within the government (including Finance, Agriculture, Education, Labour and Transport Management, Health, Local Development and Women, Children and Social Welfare). Amongst other things, the NSCSP has been spearheading the task of reviewing existing social protection programmes in order to develop a comprehensive and consolidated social protection framework for Nepal; it has been supported in this by a Social Protection Task Team comprised of various national development partners (Kidd and Calder, 2011: 4; also see below). In addition, recent years have seen the implementation of a number of public initiatives in line with the recently launched global Social Protection Floor, which deals with issues that range from child and disability grants to various employment programmes (see UNICEF, 2010).

In the context of transition and peacebuilding, the visibility of the state in social protection policy and programming in Nepal is something that tends to be viewed and framed positively. Koehler (2011: 14) argues that because the majority of the country's social protection schemes are in the fiscal budget and funded through tax revenues (rather than through external aid), they can be interpreted as 'elements in a nascent social contract' between citizens and state. The OECD, too, has previously framed social protection in relation to 'the first stage of state-building' in Nepal (OECD, 2009: 25). Of course, empirically substantiating the supposed link between social protection and social contracts is methodologically challenging and, as yet, the evidence for this simply does not exist, at least not in the Nepalese context. However, the broader point is perhaps that the degree of attention (and funding) afforded to social protection – and social services more broadly – by the government is striking. Indeed, the government has demonstrated a greater commitment to social protection than many other, richer surrounding countries and, in this sense, one could argue that 'socioeconomic security is being addressed systemically' by the state (Koehler, 2011: 15).

### **5.1.2 International organisations and foreign aid**

As mentioned above, a number of international development institutions and bilateral aid agencies have played important roles in the design of Nepal's social protection frameworks, policies and

programmes, both in terms of programmatic technical design (see, for example, ADB, 2011b; ILO, 2010) and more in-depth contextual analysis. Institutions such as ADB have also been active in both collecting and collating basic data on programme availability, coverage and targeting.

Thus, although the state has been primarily responsible for financing and administering initiatives over the last ten to 20 years, external aid agencies have been pivotal in shaping the social protection policy landscape in Nepal, both through the promotion of particular programmes and the provision of knowledge and expertise. This ‘support’ role is reflected in and embodied by the aforementioned Social Protection Task Team, a group of development partners – including UNICEF and ILO (co-chairs), DFID, ADB, the World Bank, UNCDF, WHO, GIZ and WFP – whose purpose it has been since 2006 to provide assistance and support to the government for the improvement of social protection in Nepal.

A number of agencies and NGOs are either funding or implementing social protection projects in Nepal, often in conjunction with one or more government Ministry. These projects tend to be conducted in a fairly piecemeal fashion and usually last for no more than three to four years. In addition, as mentioned above, many of the projects are geared more towards building technical capacity and aiding the design of interventions than frontline delivery of social protection. For example, Mercy Corps are currently working on a project, funded by the EU and focusing on the East and Far West regions, to strengthen the capacity of ‘underserved’ communities to understand and access social protection measures for informal sector workers by supporting the registration and formalisation of informal safety nets (Mercy Corps, 2010). Similarly, the World Bank is currently engaged in a project to improve the delivery of cash-based social safety nets through technical assistance and capacity building to the Ministry of Local Development (World Bank, 2012). Holmes and Uphadya (2009) also point out that various multilaterals and bilaterals, such as DFID, ADB, UNICEF and JICA, are involved in both the funding and administration of various (conditional and unconditional) cash transfer programmes, often jointly with government Ministries.

## 5.2 Formal social protection initiatives

In 2005, the Asian Development Bank introduced its Social Protection Index (SPI), which aims to summarise the extent of formal social protection in its member countries, thereby enabling a uniform comparison across the region. Revised by ADB in 2010, the index can be decomposed in several ways, such as by depth and breadth of coverage, by category, by poor and non-poor beneficiaries, and by gender. The 2011 SPI score for Nepal is 0.048 (ADB, 2011b). This means that when the country’s social protection expenditures are averaged over all potential beneficiaries, it allocates 4.8 percent of per capita poverty line expenditures to social protection. This is below the South Asia average, both in terms of median (0.081) and mean (0.117) values. Concerns – which are to some extent substantiated by recent data – have also been expressed over the coverage and targeting of social protection in Nepal (Bhusal, 2012; Koehler, 2011; Tiwari, 2011). That said, the range of initiatives on offer is impressive, as is the centrality of the state to their financing and administration.

In this sub-section, we describe the various formal social protection programmes and interventions currently available in Nepal. These have been identified through a review of the literature, in particular donor literature, as well as through stakeholder consultations and personal communications with key institutional contacts.

In line with the newly revised SPI (see ADB, 2011b), we categorise public and formal initiatives by social insurance, social assistance, and labour market programmes.<sup>9</sup> For the purpose of this paper, we also separately highlight initiatives that have been introduced in response to the consequences of Nepal’s armed conflict (see Box 2). While we provide some brief description of the different types of programme below, Table 12 at the end of this sub-section offers a more exhaustive overview.<sup>10</sup>

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<sup>9</sup> ADB do not count microfinance as social protection programming and, therefore, it is not included here.

<sup>10</sup> This sub-section and Table 13 draw substantially from a forthcoming report by ADB on social protection in Nepal.



### 5.2.1 Social insurance

Social insurance is defined by the ADB as programmes that ‘cover the risks associated with unemployment, sickness, maternity, disability, industrial injury and old age’ (ADB, 2008: 9), including old-age insurance, health insurance, unemployment insurance and programmes for disabled workers (ADB, 2011b: 12).

A total of seven major programmes fall under the category of social insurance in Nepal (ADB, forthcoming), most of which are ‘funds’ for specific categories of workers, such as the civil service and army personnel. Some of these funds are monetarily quite large – the public sector pension scheme, for example, attracted expenditure of USD 127 million in FY2010 – and usually finance a range of insurance mechanisms, from allowances for vulnerable individuals to medical benefits. In terms of government expenditure, social insurance constitutes the largest category of social protection in Nepal at 57 percent of annual expenditure in FY2009 (ADB, forthcoming).

The formal social insurance programmes are, by design, targeted at particular employment groups – usually in the public sector labour markets. As Table 12 shows, these programmes tend not to be pro-poor, and most of those working in the informal labour market are not entitled to them. For example, none of the 73.9 percent of the country’s labour force working in agriculture have access to these social insurance programmes (ADB, forthcoming).

### 5.2.2 Social assistance

Social assistance includes benefits such as assistance for the elderly, health assistance, child protection programmes, disaster relief assistance and other forms of assistance targeting the poor population. They are usually directly targeted towards benefiting the entire family in one way or the other.

Representing 41 percent of the government’s social protection expenditure in FY2009, Table 12 shows that, according to the ADB, there are nine main social assistance programmes operating in Nepal. Social assistance programmes include education-related transfers (such as providing NPR 350 to 50 percent of girls in primary schools), health-related transfers (women delivering their babies at health services receive NPR 1000 for normal delivery and NPR 5000 for delivery with surgery), employment-related transfers (in 2008/2009 the Ministry of Finance allocated more than NPR 26 billion for public work schemes that were geared towards improving rural infrastructure and generating employment opportunities for the poor), child benefits (Dalit families and families in Karnali Zone are being provided NPR 200 per month per child), and emergency social protection transfers (the MoF allocated NPR 1.5 billion in 2008/09 for subsistence allowances to families of martyrs and handicapped as a result of conflict and compensation to conflict-affected people (Tiwari, 2010)).

Generally speaking, social assistance programmes tend to be more universal and more poverty and gender ‘focused’ than Nepal’s social insurance programmes. For example, the single women’s allowance is available to all women over the age of 60 who are widowed, unmarried or separated, and has poverty and gender targeting rates of 80 percent and 100 percent, respectively. Scholarships, which fall under this category, reach the highest number of beneficiaries (more than 2.5 million) out of all the social protection programmes listed in Table 12.

Within the social assistance category, the Senior Citizen’s Allowance is arguably the most widely recognised, or at least discussed in reports. The allowance has been in operation since 1995 and has gradually been expanded by government ever since (the entitlement now stands at NPR 500 per month) (see Section 5.4 for a discussion of the impacts of the senior citizen’s allowance).

Das and Leino (2011) have pointed out that in the last few years social assistance has overtaken public sector pensions as the largest contributor to social protection expenditure. However, this is rather like comparing an entire category with a single programme from another; on a more even basis, social insurance can be seen as more strongly financed (see Figure 5).

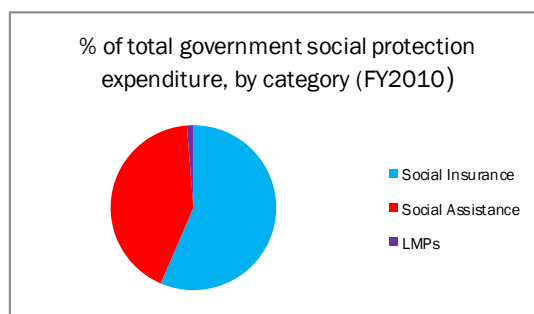
### 5.2.3 Labour market programmes

According to the ADB (2011b: 12), labour market programmes include programmes directed at the unemployed and underemployed, such as food-for-work schemes. In Nepal, there are two major labour

market programmes, together comprising just 2 percent of the government’s social protection expenditure in FY2009: Rural Community Infrastructure Works and the Karnali Employment Programme. Although relatively limited in terms of expenditure, the Rural Community Infrastructure Works programme fares comparatively well against other types of social protection initiatives in terms of coverage, reaching almost half a million beneficiaries in FY2010. It also has a poverty targeting rate of 90 percent.

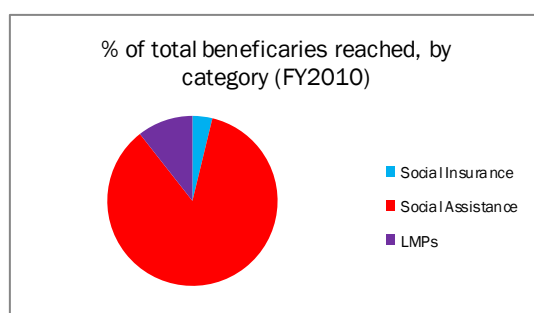
Thus, while there is a broad range of formal social protection initiatives across the board in Nepal, the differences in expenditure and coverage by category are significant. Figure 5 and Figure 6 illustrate the existing differences. What is striking is how much money is being allocated to social insurance in relation to the low number of beneficiaries that are reached. By the same token, labour market programmes consume a small proportion of social protection expenditure but reach considerably more beneficiaries (more than double) than social insurance programmes. In other words, social insurance programmes receive the bulk of social protection funding but reach the fewest people. At the same time, as noted above, the beneficiaries of the formal social insurance programmes are *not* the poorest and the most vulnerable.

**Figure 5: Government social protection expenditure in FY2010, by category**



Source: data from ADB (forthcoming) (multiple original sources)

**Figure 6: Number of beneficiaries in FY2010, by category**



Source: data from ADB (forthcoming) (multiple original sources)

#### 5.2.4 Conflict-related Initiatives

A number of social protection initiatives in Nepal are designed, to some degree at least, as responses to the impacts of the conflict. Although some of these may be covered by the three categories outlined above, for the purpose of this paper we present them separately in Box 2 below.

## Box 2: Conflict-related social protection initiatives

The creation of the Ministry of Peace and Reconstruction in 2007 is not only a reflection of the government's commitment to peace-building, but is also of relevance to social protection. The Ministry is responsible for a number of programmes and interventions designed to build social cohesion, restore peace and reduce vulnerability amongst those affected by the armed conflict. Some of the main 'conflict-related' social protection interventions in Nepal are listed below:

- Scholarships for children (at the rate of NPR 10,000 per year for primary education, NPR 12,000 per year for lower secondary education, NPR 14,000 per year for secondary education and NPR 16,000 per year for above secondary education) whose parents are deceased or disappeared. The Ministry of Education is responsible for executing the programme, and a recommendation committee is tasked to make decisions on eligibility
- One time cash grant of NPR 25,000 to widows and families of missing persons
- Treatment costs for injuries incurred through conflict
- One time cash grant of NPR 200,000 to disabled persons (depending on classification of disability)
- Skills training for victims' families
- Quota seats for victims' families in foreign employment
- Cash grants to martyrs' families: NPR 150,000 to those killed by security forces and for those killed as a result of cross fire, bombing, mines, or ambush. However, no grants are given if families have already accessed some other relief packages
- Cash support of NPR 100,000 to poor people with cancer, heart disease, Alzheimer's, Parkinson's, or kidney problems
- Various levels of compensation against damages to vehicles due to civil riots or general strikes
- Compensation against damages to fixed property or house

Source: ADB conflict advisor, personal communication

**Table 12: Formal social protection programmes in Nepal**

	Programme	Date Started	Information/Comments	Qualification Criteria/Coverage	Number of Beneficiaries ('000s) (FY2010)	Expenditure (NPR Millions) (FY2010)	Poverty Targeting Rate	Gender Targeting Rate	% of Total Govt SP Spending (FY2009)
<b>Social Insurance</b>	<b>Public Sector Pension Scheme</b>	-	Upon death of beneficiary, spouse receives 50% of the pension for life. Taking into account the smaller proportion of women in public sector employment, the scheme is not gender friendly.	Available to employees of civil service, police, army and public sector teachers. Eligibility demands completion of 20 years of service; 16 years for members of armed forces	180.1	9,800.0 (USD 127mn)	0%	5%	<b>57%</b>
	<b>Army Welfare Fund (established in 1975; as of March 2010, the fund amounted to NPR 13.5bn; financed partly through contributions from army personnel serving in UN peacekeeping missions)</b>	Various	The Fund finances various programmes and schemes: medical treatment; accommodation; rehabilitation centre; allowance for widows/widowers; scholarships for children of personnel; education (financing of schools); compensation to those disabled during service; loan facility for household items	Service personnel; veterans; families of personnel	-	-	-	-	
	<b>Police Welfare Fund (financed partly through contributions from police personnel serving in UN peacekeeping missions)</b>	Various	The Fund finances various programmes and schemes: education (financing of schools); scholarships for children of personnel; medical treatment; loan facility; insurance against death and disability Life insurance up to NPR 100,000; NPR 25,000 to cover funeral costs of personnel who die in line of duty	Police personnel; veterans; families of personnel	-	-	-	-	
	<b>Armed Police Welfare Fund</b>	2002	The Fund finances various programmes and schemes: medical benefits; insurance against death and disability; loan facilities	Armed police personnel	-	-	-	-	
	<b>Employees' Provident Fund</b>	1934 but coverage extended to entire civil service in 1948	Financed through contributions from employees and employers and returns on diversified investments made by the Fund. Since 1991, members are required to contribute a minimum of 10% of their salary into the Fund and employers make a matching contribution	Coverage is compulsory for all public sector employees and organisations with ten or more workers have the option of participating. Currently 450,000 members. Members who have contributed for at least two years and eligible to borrow up to 90% of their equity at low interest rates	18.0	2,858.0	0%	8%	

	<b>Citizen Investment Fund</b>	1991	Objective of expanding investment opportunities by encouraging the public to save capital and foster the development of Nepal's capital market; main features are providing different types of retirement schemes, making investments in corporate shares and government securities, and providing capital market services	Participation is voluntary	3.5	1,411.0	0%	8%	
	<b>Social Security Fund</b>	2010/11	Financed through a 1% tax on income; the Fund seeks to finance minimum social security measures along the lines of the ILO Convention 102: Social Security (Minimum Standards) Convention of 1952; cross-Ministry Board of Trustees	-	-	NPR 100mn allocated for FY2011	-	-	
<b>Social Assistance</b>	<b>Senior Citizens' Allowance</b>	1995	The first cash transfer introduced in Nepal (by the CPN-UML) initially in five districts with eligibility age of 75 and monthly allowance of NPR 100. Expansion since to NPR 500 per month of reduced eligibility age. Implemented through local bodies with the Ministry of Local Development coordinating at the centre	Dalits and elderly in Karnali Zone over the age of 60 and those over the age of 70 elsewhere	696.1	4,176.8	25%	50%	<b>41%</b>
	<b>Single Women's Allowance</b>	1996	Increased over the years to NPR 500 per month. In 2010, the Supreme Court ruled that the allowance cannot have an age limit and should therefore be given to all widows or separated women irrespective of age; MoLD in the process of revising guidelines	All single women over the age of 60 who are widowed, unmarried or separated; guidelines currently being revised by MoLD	299.8	1,799.0	80%	100%	
	<b>Disability Allowance</b>	1996	Increased over the years to NPR 300 for 'partially disabled' and NPR 1,000 for 'fully disabled'	All 'fully disabled' are eligible; district-based quota for 'partially disabled' (very low: for example, a district with a population of more than 500,000 the quota is just 150)	20.6	189.9	90%	50%	
	<b>Endangered Indigenous People's Allowance</b>	2009	NPR 500 but NPR 1,000 for the Raute group	Endangered indigenous people (ten groups identified as the worst off and most threatened of Nepal's 59 indigenous groups with populations of fewer than 1,000)	16.4	98.5	90%	50%	
	<b>Child Grant</b>	2009	NPR 200 per month per child	Children under the age of five in Karnali Zone and all poor Dalit children under the age of five nationwide. Maximum of two children per mother	409.1	981.9	46%	50%	

	<b>Scholarships</b>	Various	Multiple scholarships exist at primary, secondary and higher levels of education. Also special scholarships for students with disabilities, students from highly marginalised groups and students from remote mountain districts	Multiple: ranges from NPR 400 per year for girls at primary level to NPR 15,000 per year for certain students with disabilities	2,616.0	1,866.8	25%	70%	
	<b>Food for Education</b>	1996	School feeding programmes implemented by GoN and WFP; objective to improve class attendance and enrolment rates and reduce absenteeism	-	218.7	354.9	50%	50%	
	<b>Aama Programme (Mother's Programme)</b>	2005	Incentive scheme to encourage women to give birth at medical institutions. Women receive NPR 500 in Terai districts to NPR 1,500 in mountain districts. Institutions' unit costs also covered	Pregnant women	194.1	441.2	50%	100%	
	<b>Transportation Subsidy on Essential Food</b>	-	Nepal Food Corporation supplied subsidised essential foods in 23 food insecure districts. In 2009, 19,000 metric tons of food supplied	Households in one of 23 food insecure districts	98.8	701.5	75%	50%	
<b>Labour Market Programmes</b>	<b>Rural Community Infrastructure Works</b>	1995	Jointly funded by GoN and WFP. Operates in 25 districts. Key objective is to assist poor households create and maintain physical assets that improve food availability and access, and to support income generation. Payments made in food and cash (NPR 130-140 per day or 4kg rice and 0.5kg pulses per week, or combination of the two)	Primary target population is food deficit families in communities where RCIW operates; those who participate in RCIW activities are eligible for benefits	493.6	104.1	90%	45%	<b>2%</b>
	<b>Karnali Employment Programme</b>	FY2007/07	Karnali Zone consists of five remote districts. KEP started under the banner of 'One Family, One Job' with objective of providing 100 days of guaranteed wage employment to at least one family member of every household who wishes to do unskilled manual work on government infrastructure projects	Households in Karnali Zone	71.0	215.0	90%	45%	

Source: ADB (forthcoming) (original data from various sources)

### 5.3 Informal social protection initiatives

Although many definitions identify public actors as the main or sole providers of social protection (see Devereux and Sabates-Wheeler, 2004: 3), there are many examples whereby forms of social protection are provided informally (or ‘unofficially’ and ‘traditionally’) by households and communities.

In the Nepalese context, some have suggested that there has been an erosion of informal social protection as a result of political insecurity and widespread violence during the armed conflict, as well as a series of broader social and demographic changes (Koehler, 2011; Tiwari, 2010). However, whilst logical in a deductive sense, there is very little empirical evidence to substantiate such claims. Indeed, depending on how far we broaden our definition of social protection, it is possible to argue that informal social protection activities have actually increased over the last two decades, perhaps as a very result of the conflict. For example, as noted in Section 3, **migration** has been a popular coping strategy amongst conflict-affected households – a strategy that may be legitimately viewed as a form of social protection (Sabates-Wheeler and Waite, 2003). Furthermore, drawing on Nepal Safety Nets Survey data from 1,680 rural households, Das and Leino (2011) find that most coping strategies against shocks in Nepal are informal and include borrowing, using savings, and seeking help from friends and relatives.

Informal social protection mechanisms have traditionally existed at the household and community levels in Nepal. Tiwari (2010) outlines two popular risk mitigation strategies adopted by poor people when coping with shocks. The first is **diversification of income** (see also Sharma and Donini, 2012), although income-generating options for the poorest and most vulnerable tend to be few and are usually limited to agricultural-based or casual employment. The second strategy is **insurance**, although this tends to be non-market based and informal in nature. Households may accumulate assets in ‘good times’ and draw on them in ‘bad times’, or they may opt into group-based sharing mechanisms. As Tiwari (2010: 15) points out, traditional systems, such as *Parma*, *Dhikuri* and *Bheja*, are used to help community members through exchange of labour and the sharing of mutual funds. However, it is important to note that networks such as these do not benefit all members of a community evenly. Similar to these ‘self-help’ groups are Village Savings and Loans Associations, of which there are an estimated 300,000 in existence (Mercy Corps, 2010).

Social workers in communities also provide assistance to the vulnerable people, although such services are rarely recorded in formal reports. Historically, the practice of social protection has existed in forms of **mutual help**, such as with cash lending or in-kind assistance, at the community level. These systems have different forms and names in different communities, and specific mechanisms vary across ethnic communities. For example, the Newar ethnic group has an institution named *Guthi*, which provides informal social protection for its members through financial and in-kind assistance from the fund collected by its members (Upreti, 2010). Other similar institutions include: *Bheja*, a multi-purpose voluntary welfare institution created for the welfare of members of the Magar community; *Gola*, a voluntary social organisation active in the western hills to help members of the Gurung community; *Parma*, a labour exchange arrangement to help members of the Limbu community; and *Khyal*, a voluntary social organisation active in mid-west Nepal which promotes and supports self-help activities for members of the Tharu ethnic group (Bhattachan, 2007).

### 5.4 What’s worked? Outcomes and impacts of social protection activities

**Despite the number of formal social protection initiatives that have been implemented in recent years in Nepal, there is still much we do not know in terms of their impacts.** What’s more, there are several challenges to effective social protection which make achieving positive effects in Nepal all the more difficult.

This sub-section is split broadly into two parts: the first synthesises and presents available evidence on the impacts of social protection initiatives in Nepal, while the second explores key issues and challenges related to programme effectiveness.

#### 5.4.1 Evidence of impact

Most of the literature on social protection in Nepal is concerned with a description of programming (types of intervention, delivery modalities, financing, technical administration) and programme outputs



over assessments of impact. In addition, many studies and reports that *do* offer something in the way of programme analysis are either based on unclear empirics or fail to disclose their methodologies in a transparent way. More generally, much of the analysis on offer is based on secondary rather than primary data and thus tends to constitute more of a literature review than a proper impact evaluation. For example, Koehler's (2011) recent – and very welcome – contribution to the debate is illuminating, yet contains very little substance when it comes to empirical evaluation of the effectiveness of Nepal's various social protection initiatives; these kinds of critical discussions are necessary.

That said, the literature researched for this review helped us identify a number of relevant programme evaluations based on primary data – admittedly varying in quality, rigour and size – and Nepal certainly fares better than many of its conflict-affected counterparts in this respect. This may have something to do with Barrientos' (2010: 24) argument that 'smaller and aid-dependant countries' such as Nepal attract greater donor interest, with agencies more likely to provide support on issues such as social protection.

Holmes and Uphadya (2009) have examined a range of **cash transfers** in post-conflict Nepal. Their methodology is formed of three components – a mapping of existing social protection programmes; analysis of institutional attitudes towards cash transfers; and analysis of institutional capacity – and they draw on primary data (interviews with key informants) as well as analysis of secondary data. This is thus a study of institutional perceptions of the effectiveness and appropriateness of cash transfers and cannot, therefore, be considered an impact evaluation. As the authors themselves note, 'Our information on the role of cash transfers in Nepal has largely been based on assumptions and impressions rather than rigorous data collection and evaluation' (Holmes and Uphadya, 2009: 23). Through interviews, they find that cash transfers are perceived to:

- contribute to boosting economic growth;
- empower recipients economically and socially;
- be cheap and simple to implement;
- constitute a right (ibid.: 24).

However, generally speaking, beyond perceptions 'there is limited evidence that cash transfer programmes have had a positive impact on reducing the incidence of poverty or the poverty gap [in Nepal]' (Holmes and Uphadya, 2009.: 27).

Das and Leino (2011) assess a range of **social safety nets** using a variety of data, including administrative data from the government, national surveys and Censuses, field visits, WFP monitoring data, qualitative data from focus group discussions and meetings with district level functionaries across nine districts, Do and Iyer's (2010) data on conflict deaths, and the Nepal Safety Nets Survey (1680 rural households in nine districts conducted in 2009). Amongst their key findings are the following:

- 26 percent of households participate in at least one safety net programme and overall they are quite pro-poor and progressive. However, awareness of programmes varies substantially;
- coverage is geographically skewed towards areas with higher conflict deaths;
- the largest cash transfer programmes (old age allowance and single women's allowance) are universal with good coverage and have relatively high levels of beneficiary satisfaction;
- scholarship programmes are geographically concentrated, but where they exist are very pro-poor (86 percent of the benefits of the Dalit scholarship go to children from households in the bottom two wealth quintiles);
- the situation is similar for public works programmes. However, although they are seen to enhance food security, the programmes provide too few days of work to stem seasonal migration.

Although useful, scrutiny of the study's full methodology was not possible due to lack of access to the full report (which was likely still in draft at the time of writing). Moreover, it is clear from the material available that the study focuses more on the effectiveness and appropriateness of programme design (e.g. coverage, targeting issues) than on external outcomes for beneficiaries.

The **Karnali Employment Programme**, first introduced in FY2006/07 and offering ‘One Family, One Job’, is designed to provide 100 days of paid employment at NPR 180-350 per day on government infrastructure programmes for persons willing to do unskilled manual labour (Koehler, 2011: 12). However, in the first four years of the programme, households were found to have worked just 30 days or less (Vaidya et al., 2010) and although the commitment to include all castes appears to have been met, women and youth employment impacts are still lagging (Koehler et al., 2009b).

A few studies have explored the outcomes and impacts of Nepal’s universal **Senior Citizen’s Allowance** (also known as the social pension scheme). In the midst of the armed conflict, Palacios and Rajan (2004) undertook an analysis of the scheme based on data derived from a (non-representative) ward level survey conducted in 2002, questionnaires administered to 197 individuals in rural and urban parts of the country, and a number of key informant interviews. They conclude that, as a result of the combination of high eligibility age and low level of benefit, ‘the version of the universal flat pension applied today [2004] in Nepal is very modest’ (Palacios and Rajan, 2004: 24). Their analysis also finds that while three-quarters of the eligible population receives the benefit, there are significant differences across districts. More recently, HelpAge International (2009) have assessed the impact of the pension scheme on older people in Tanahun district, finding that surveyed beneficiaries generally viewed the scheme positively and deemed the transfer as an important form of income support. However, the evidence seems more anecdotal than rigorous, and in any case, the study is based on a small, non-representative sample. Finally, through participatory community-level research, Jones et al. (2009) find that although those receiving the pension emphasised its importance in reducing their dependency, they also saw it as too small to lead to self-sufficiency. Taken together, these three (relatively small) studies suggest that the impacts of the pension scheme have been modest at best. Samson (2012) provides a useful synthesis of available assessments of the allowance and identifies key policy accomplishments and challenges. He asserts that the allowance reflects the commitment of the government to build an equitable system that seeks to reach out to the most vulnerable individuals.

In terms of **sector-based social protection** programmes, findings of an evaluation of the Aama (mother) programme are presented in ADB (forthcoming). Started in 2005 but expanded and renamed in 2009, the Aama programme is an incentive scheme designed to encourage women to give birth at medical institutions. The cash incentive varies by region, from NPR 500 in Terai districts to NPR 1,500 in mountain districts, and the scheme also pays certain unit costs to the medical facility. The preliminary evaluation found that since the programme began, institutional deliveries have increased from 6 percent of births to over 44 percent, with the impact being greatest among the poorest quintile and marginalised ethnic groups (ADB, forthcoming).<sup>11</sup>

A 2006 evaluation of Nepal’s education scholarship found that many Dalit children were receiving a smaller benefit than they should, which was in turn negatively affecting enrolment rates for girls in the Karnali Zone and in Eastern and Central Terai (Ayala, 2009, in Holmes, 2011: 232).

These kinds of programme assessments are of course extremely useful and relevant, but, generally speaking, their level of rigour and robustness varies and only a few studies incorporate the effects and dynamics of conflict and fragility into their analyses.

#### **5.4.2 Effectiveness issues**

Having provided an overview of some of the main evidence of the impacts of (formal) social protection programmes in Nepal, we discuss here the two key challenges to effectiveness as highlighted in the literature.

**The first relates to issues surrounding expenditure, coverage and targeting.** As Holmes and Uphadya (2009: 27) argue,

While there is a dearth of empirical evidence on the impact of existing programmes, what does exist indicates that low rates of poverty reduction is due to a number of factors, including low coverage, low levels of benefit and implementation constraints.

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<sup>11</sup> Details of this evaluation could not be obtained.

Data from the Ministry of Finance show the total allocation of government **expenditure** for social protection for FY2011/12 currently stands at around NPR 11.3 billion (USD 137 million), up by roughly NPR 2 billion from FY2002/03. However, as a proportion of GDP, social protection expenditure is just 1.06 percent today compared with an estimated 2.2 percent in FY2002/03 (Bhatta and Sharma, 2006), indicating that government spending on social protection has not kept at the same pace as GDP growth.<sup>12</sup> In comparison to other South Asian countries, Nepal spends relatively little on social protection (as a percentage of GDP) (see Table 13).

**Table 13: Regional comparison of social protection expenditure as % of GDP, 2004/05**

Country	Social protection expenditure as % of GDP
Japan	16
Sri Lanka	5.7
Bangladesh	5.3
India	4.0
<b>Nepal</b>	<b>2.3</b>
Pakistan	1.6

Source: Kabeer (2009)

Some of the recent literature has been quite critical of the level of the government's social protection per capita expenditures (e.g. Bhusal, 2012; Koehler, 2011). Indeed, according to estimates made a number of years ago by Bauer et al. (2004), the cost of a basic social protection package in Nepal at the time was seven percent of GDP – actual expenditure has never come close to this. Moreover, the few evaluations that exist suggest that the levels of benefit are not high enough to contribute to long-term, sustainable changes for beneficiaries.

Although **coverage** is quite high when compared with many other countries, social protection programmes in Nepal are geographically concentrated (Das and Leino, 2011) and coverage amongst the poor is low (Holmes and Uphadya, 2009). Since coverage is not as broad as need, social protection is often seen to constitute 'patches of programmes', such as social and health insurance, social assistance, block grants, or (sectoral) transfers (Tiwari, 2010), rather than any sort of consolidated 'system'.

A big part of the problem of ensuring and extending coverage is the fact that 96 percent of Nepalis are employed in the informal sector. This means that although eligible for certain social assistance and labour market programmes, the vast majority of Nepal's population have no access – by design – to many of the country's formal social protection schemes, particularly those falling under the umbrella of social insurance. A recent report from ODI and NEPAN (draft) points out that although there is a large number of informal social protection mechanisms in Nepal, the government has paid insufficient attention to them and has not integrated them in its formal policies and programming. Given the nature of labour markets and employment for most people in Nepal, working to support informal social protection mechanisms for informal sector workers – or at least working to extend formal social protection to these people – appears a sensible policy direction (although clearly not a straightforward one in a resource-constrained context such as Nepal).

In terms of **targeting**, new data from ADB (forthcoming) reveal that many of Nepal's main social protection initiatives are weak in their focus of poverty and gender. For example, the public service pension, medical benefits (public service), the employees provident fund, and the citizen investment trust, all have poverty targeting rates of 0 percent, and the highest gender targeting rate of those just mentioned is 10 percent (see Table 12). However, as pointed out earlier, this reflects the fact that they were designed to target mostly formal sector employees. Nevertheless, Kabeer (2009) has shown that

<sup>12</sup> It is generally advisable to exercise a degree of caution when comparing social protection data from different sources (e.g. government data compared with agency data). The specifics of classification – what counts as social protection – commonly vary, sometimes quite significantly (see Harvey et al. 2007).

less than a quarter of Nepal's population in poverty receives some form of social protection assistance, although more recent data suggests this has increased to around 35 percent (ADB, 2012: 79).<sup>13</sup>

It is argued that the country's low coverage can be accounted for, to a degree, by targeting inefficiencies. As Holmes and Uphadya (2009: 11) point out:

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

This suggests that understanding the *how* and the *why* of targeting requires us to first understand the politics of social protection in Nepal.

Targeting problems are particularly concerning given the high levels of need amongst certain groups in Nepal. Besides the conflict-affected and displaced people, ILO (2004) identifies the 16 most vulnerable groups in Nepal who need special attention for social protection. These include self-employed workers, workers in waged employment, unpaid family members, workers in formal organisations that have more than ten workers, workers in informal establishments with less than ten workers, micro-enterprises, family-based units, agricultural workers, former Kamaiyas (people working under the traditional system of bonded-labour), construction workers, domestic servants, street workers, home-based workers, bonded workers, porters and loaders, socially excluded groups and Dalits (ibid.: 14). Arguably the biggest challenge to extending coverage in Nepal is how to make sure groups such as these are targeted effectively. One argument for improving the targeting effectiveness of the existing social protection initiatives would be to introduce social categorical targeting of vulnerable and marginalised groups.

**The second area relates to state capacity and the politics of social protection in a broader sense.** A high number of Ministries and branches of the government are involved in social protection policy and programming in Nepal. Whilst logical insofar as this may promote joined-up planning and integrated programming, it also creates problems if not administered effectively. Verhey (2010), for example, notes that persisting fragmentation at the inter-Ministry level creates problems in relation to both coverage and targeting. Such problems may be partially responsible for delayed or irregular payment of transfers, as has been the case with the education stipend programme disbursed to School Management Committees (Ayala, 2009, in Holmes, 2011: 232).

During the armed conflict, most of the service-providing government offices were either closed or existed in name only. One of the first and biggest challenges in the post-peace agreement period was therefore to restore government services in areas badly affected by conflict. Since 2006, multiple governments have competed to extend access to services to the population and expanding social protection has been a central part of this. (Jones, 2012: 241). Yet, efforts to extend access have not been associated with efforts to decentralise political and administrative functions (Jones 2010). In many instances, local government continues to suffer from weak capacity, and resources and control tend to be heavily concentrated 'at the centre'. As Jones (2010: 10) points out:

A salient feature of the political economy of Nepal is the continuing highly centralised control of resources and decision-making...The most important factor reinforcing this centralisation is the continuing absence of elected local government, and more fundamentally, of elected local government control over budgets and staffing decisions for public service provision.

But why has there been such reluctance to grant power to local public bodies and or hold local elections? Perhaps this has come about as a result of a shared desire by the various governments to maintain at least the appearance of a strong, visible and responsive state. Thus, the development of a centralised social protection system can be understood as being part of a larger political project to generate output or performance-based legitimacy amongst citizens and, in a more tangible and

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<sup>13</sup> Again, it is possible that definitional inconsistencies may account for this change.

pragmatic way, to secure votes.<sup>14</sup> It is possible that the centralised nature of social protection programming in Nepal, combined with inefficient targeting, has reduced both the relevance and access of social protection to the poorest and most vulnerable.

Finally, it is important not to ignore the *local politics* of social protection. As indicated by findings from the SLRC Nepal stakeholder consultation in Box 3 below, in a context of historical horizontal inequalities, there is a likelihood of exclusionary political economies of access and elite capture of resources at the local level.

**Box 3: Problems of access to formal social protection in Nepal: findings from a stakeholder consultation**

In the stakeholders' meeting, one of the participants representing an academic institution noted that the mechanisms of social protection are layered. The first layer consists of families, the second of communities and the third of organisations. It is very important to study the changes in these mechanisms over the past ten years. He added access to resources and employment as crucial in determining the status of social protection. The discussion also raised questions on the policy of Ministry of Peace and Reconstruction. They have established District Damage Valuation Committee and Local Peace Committees (LPCs). One of the participants victimised by the UCPN (M) at the time of the armed conflict reported that the victims often do not receive any compensation unless they have access to the LPCs. The LPCs are responsible for recommending the compensation package. Those who have no access to this committee are not receiving compensations timely.

Some of the respondents from the consultation meeting shared that grants provided to the targeted groups such as the Dalits and minority people were useful and the beneficiaries were satisfied. Such feelings were also reported in the media. For example, the Bankarias (people largely depending on forest products for their livelihoods) and other indigenous minority groups had expressed the same feeling. Nevertheless, the same report revealed that there was rampant corruption while delivering such grants and stipends.

Summing up, Nepal's social security and social protection system looks impressive at first glance. There are multiple programmes and initiatives in operation and the state appears to be the dominant player. As Koehler (2011: 14) notes, the programmes on offer might even be considered to constitute the elements of a 'nascent social contract'.

Yet, challenges continue to persist. Nepal is a poor country and the government faces tough choices in allocating resources. Subsequently, the level of many social protection benefits is low and assistance does not always reach the poorest and most vulnerable, something which is not helped by capacity problems at the local level and coordination issues at the central level. Moreover, in terms of programme design, none of Nepal's transfers are directed at building productive assets at the household level – the 'only substantive way to overcome poverty' (Koehler, 2011: 16).

Fundamentally, we need to be careful about drawing conclusions based upon a simple reading of the landscape of social protection in Nepal – in other words, in terms of the quantity of programmes currently being rolled out. Conclusions should be based on outcomes and impacts, and we are not yet in a position to make accurate statements on effectiveness. This is not helped by the fact that so many analyses of outcomes and impacts are based on perceptions and key informant interviews rather than data collected through rigorous, extensive fieldwork and representative sampling. For those interested in evidence on social protection in relation to *conflict-affected* Nepal, the situation is worse still, with most assessments not incorporating any form of conflict-related analysis whatsoever.

That said, Nepal has made remarkable progress over the last decade in terms of the expansion and evolution of the country's social protection system. From an institutional perspective, it is impressive what the government has achieved since the end of the armed conflict – attempting to promote

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<sup>14</sup> See OECD (2010b) for a discussion of the different types and sources of legitimacy.

inclusion in a context of entrenched inequality is certainly no mean feat. More promisingly still, the country looks to be heading further in the right direction, with the National Steering Committee on Social Protection leading on the development of a more comprehensive framework and strategy and the Social Protection Task Team supporting them in this endeavour.



## 6 The evidence base: data and gaps

This review is concerned first and foremost with empirical evidence. In this section we reflect on some of the characteristics of the evidence base on livelihoods, basic services and social protection in Nepal, before identifying key knowledge gaps that might help to inform future research agendas.

### 6.1 Some reflections on the data

Controversy regarding the authenticity of data is not new in Nepal. At the national level, the government, most visibly through the NPC and the UNDP, publishes data, figures and the state of progress towards the MDGs at regular intervals. However, it is often difficult to verify these data and raise critical questions, and there is a feeling among some people that the government-published figures do not actually reflect the reality of the country or its people. Indeed, despite what has been published, many fail to relate to the government's claim that the poverty level is declining and that Nepal is on track to achieve certain MDG targets.

The following is but one example of the politicised nature of the debate on the approaches taken to measure poverty and people's wellbeing in Nepal. In July 2010, the Oxford Poverty and Human Development Initiative (OPHI) announced that, according to the Multidimensional Poverty Index (MPI) approach, Nepal's MPI for 2006 was 0.35, with the incidence of poverty at 64.7 percent (more than double the government's claim of 31 percent) and the average intensity across the poor at 54 percent. This was the highest for overall poverty in the region and ranked 82 out of 104 surveyed countries – findings that were widely publicised by the national media and challenged by the government. The government claimed its own methodology for measuring poverty was more robust and appropriate to the national context. The University of Oxford argued that the difference in the poverty index had emerged because MPI had used a different and more complex methodology to measure poverty compared to the national income poverty line. In particular, they used income as just one of indicator of poverty, arguing that the lives of people living in poverty are affected by more than just their income. Hence, it is necessary to look beyond income poverty and focus on multiple dimensions of poverty, including health, education and other non-income dimensions. What this example highlights is that data and measurement are not neutral, apolitical issues, and that differences of opinion and divergent interests can lead to markedly different pictures of poverty (see also Bhusal, 2012).

Some of the respondents in the stakeholders' consultation conducted alongside the production of this review were critical regarding the authenticity of the available data, standing by the belief that it makes it difficult to conduct research or advocate on issues related to livelihoods in Nepal. They felt that it was extremely difficult to conduct triangulation and verification of available data. In particular, data originating from different sources is often impossible to reconcile. Many participants also felt that data from serious academic research are hardly used in debates or policy-making processes.

Data on IDP numbers constitutes another area of controversy. Bhattarai-Ghimire and Upreti (2008) suggest that IDP estimates have not only been a source of confusion, but that they have also been used for political interests.

On a slightly different – and more positive note – despite the disruptions of a decade of armed conflict, the data generated by the Nepal Living Standards Survey (NLSS1 and NLSS2) is generally considered to be of good quality. Hatlebakk (2007) investigates the extent to which the conflict affected the quality of data collected through the second Nepal Living Standards Survey (2003/04). His starting point for the investigation was that 'data from NLSS2 would be low quality in Maoist-controlled areas' (Hatlebakk, 2007: 13), largely as a result of the attempts of the insurgents to prevent data collection. However, the author's analysis reveals that the quality of the data collected in Maoist-controlled areas is just as good as data collected in other districts – and up to the same standard as NLSS1.

In terms of the use of data in studies, it is clear that many reviews do not make explicit efforts to assess the quality, sources and appropriateness of data before using them in their analysis. Moreover, many are also unclear about what types of data or methods they are using, sometimes discussing them



superficially but rarely providing a justification for their use. There is also a general lack of discussion of ethical considerations in primary studies.

## 6.2 Knowledge gaps

Analysis of the literature on **livelihoods** in Nepal suggests there are a series of gaps in the evidence base.

- Although there have been improvements over recent years, we continue to lack a rigorous understanding of impacts, both in terms of the consequences of the armed conflict and the effects of interventions. Writing ten years ago, Seddon and Hussein (2002: 18) argued that while several attempts had already been made to analyse the history of Nepal's conflict, as well as to identify some of its general characteristics and effects, specific assessments of livelihood impacts were few and far between. To an extent, this remains true today. Many research papers published in recent years focus on the dynamics of the conflict, exploring the factors accounting for why violence originated and how it was distributed (see, for example: Bohara et al., 2006; Do and Iyer, 2010; Murshed and Gates, 2005; Nepal et al., 2011). As a result, many discussions remain oriented towards causes and characteristics of the conflict, rather than its impacts on women, men and children.
- In general, there is dearth of evidence on the impact of various livelihood interventions on people's lives and livelihoods. Robust evaluations of livelihoods interventions are relatively scarce in the Nepalese context. And many of those that *do* exist are preoccupied more with inputs and outputs than outcomes and impacts. But while this may be the case generally, the quantity and quality of livelihood impact assessments has undoubtedly increased over recent years. This has likely been aided by greater availability of data (for example, the Labour Force and Living Standards surveys) and improvements in the general security situation, allowing researchers to access previously 'cut off' areas and communities. For example, PACT's Women's Empowerment Programme – later renamed WORTH – has been strongly evaluated on a number of occasions (see Ashe and Parrott, 2001; Bahns, 2003; Shrestha and Khatri-Chhetri, 2001; Valley Research Group and Mayoux, 2008). The particular benefit of these evaluations is the interval between each implementation, which helpfully provides us with evidence into the programme's effectiveness both mid and post-conflict.
- Another gap identified through this literature review and stakeholder consultation relates to what might be termed an epistemological and methodological bias. The existing research on livelihoods in Nepal has focused mostly on the social and economic status, physical assets and social networks of individuals. When studies focus only on material aspects of livelihoods, they leave out an equally important aspect of livelihoods – the psychological and psycho-social aspect of wellbeing. Many existing studies lack an understanding of rural people's views and perceptions (that is, the 'subjective' dimension of their wellbeing). In order to build a more comprehensive and holistic picture of how an individual makes a living, it is important to identify their understanding of wellbeing and prosperity, their world views, individual and family aspirations, attachments, feelings and values.
- Another problem concerns the usage of the concept and framework of livelihoods. Most studies only use the Sustainable Livelihoods Frameworks advanced by DFID, which is limited in its practical application and does not allow great scope for soliciting detailed information. There are other analytical frameworks, such as the RLS (Baumgartner and Hogger, 2000), which have been developed precisely to understand rural livelihoods. They can thus provide a useful tool for broader analysis of various aspects of lives and livelihoods in Nepal (See Ghimire, 2009; Upreti and Pokharel, 2010).
- Another gap relates to the lack of studies that examine the linkages and interdependence between the micro, meso and macro levels of livelihoods. It is important to focus on how social, economic or political changes at various levels both shape people's perceptions of their own livelihoods and impact their behaviour and activity. Gender disaggregated analysis is also less prevalent in the documents, with the exception of specific ones such as the Human Development Report. Similarly, not all reviewed publications are supported by

the data and evidence or have established clear causal linkages with conclusions, thereby leaving the question of quality contested.

A number of gaps were also identified within the literature on **basic services and social protection**.

- Generally, there is limited data and analysis on the involvement of both governmental and non-governmental organisations in service delivery. More research is needed to elucidate upon the role and effectiveness of various actors in delivering basic services to the population.
- In terms of data on health services, whilst conducting a review of the impact of armed conflict, Devkota and van Teijlingen (2009: 380) note that 'systematic data and/or published literature reporting declining health indices as a result of the violent conflict were not available'. There is also limited empirical evidence based on people's perceptions about the quality and accessibility of services.
- In general, we found that most studies are not what we might call 'people-centred'. Much of the existing data and information is based on survey and qualitative methods (such as in-depth interviews and focus groups), but very rarely on participatory methods. For example, the UNICEF (2010) study is based on reliable research methods and it has generated sound data; but it does not attempt to utilise the perceptions and experience of people/beneficiaries in assessing the programmes. It is important to conduct participatory research in order to incorporate the voice of people in the actual findings. We trust the combination of this method with other non-participatory methods will generate rich and many-faceted information.
- There is little information on the wellbeing of children and child poverty. Indeed, the study by UNICEF (UNICEF et al., 2010) remarks that child poverty is not effectively addressed by the government. A study by Holmes (2010) concludes that education is regarded as a secondary objective in social protection. There is also little evidence on the impacts of various services on children's livelihoods, including food security and education.
- A final major gap in the literature on social services and social protection is the lack of gender specific and gender disaggregated analysis. Many studies providing rich insight and presenting illuminating data, such as Badal (2005), ILO (2004) and UNICEF et al. (2010), fail to offer much in the way of gender analysis. This is a striking limitation of the current evidence base.
- Finally, the connections and causal chains between service delivery, institutional performance, citizens' views and state-building remain quite poorly understood. However, our knowledge of Nepalis' relationships with public institutions and their involvement in socio-political activities has been greatly improved by two recent surveys (Askvik et al., 2011; Haug et al., 2009), and a DFID-funded consortium led by CfBT is currently undertaking research in Nepal to explore the relationships between service delivery, citizen's expectations and state-building.

# 7 Conclusion

The armed conflict between 1996 and 2006 in Nepal had significant implications for people's livelihoods and wellbeing. At the micro level, the conflict exerted serious negative impacts on food security and nutrition, access to services and children's wellbeing. It limited existing economic and livelihood opportunities for men and women and compelled people to rely on a range of informal coping strategies, including migration. The conflict also restricted the ability of the government and other agencies to deliver goods and services to the population effectively and equitably.

The government and international donor agencies have supported policies and programmes to enhance livelihood security and provide basic services and social protection in post-conflict Nepal, which have been important for improving people's livelihoods and access to basic services. Nepal has made good progress against most socio-economic indicators in the aftermath of the armed conflict, and there has been a decline in material poverty. At the same time, significant policy challenges remain and need to be addressed through well-designed and targeted interventions. Nepal is the poorest country in South Asia in terms of key human development and economic indicators. Food insecurity and hunger have decreased between 1990 and 2010, but still persist and affect a large share of the population. There is a visible divide between rural and urban areas, which is particularly troubling given that the vast majority of Nepal's population (83 percent) are still living outside cities and towns. Findings from two recent surveys suggest social exclusion is becoming less important as a primary determinant of outcomes, although, despite significant progress made over the last decade, inequality and social exclusion is still in evidence in the post-conflict period.

## 7.1 Livelihoods and local development

There have been various initiatives and implementation activities executed by the government to reduce poverty. The government initiated several successful programmes for improving people's livelihoods, including community-managed programmes initiated under the Local Governance Act (1999). In addition, subsidised ration distribution to the poor population, subsidised fertilisers for agriculture production, food programmes with the support of World Food Programme, food for work programmes, self-employment for poverty alleviation in Arun Valley, and the income generating programme for Jagriti women are all examples where action has been taken. The government also focused on the provision of basic services and on improving physical assets, such as roads, and enacted policies and legal norms that offer greater rights to women and reflect the process of diversification in livelihood strategies that occurred during the conflict.

In the Nepalese context, government policies and programmes must be analysed in conjunction with understanding the role of international donors. Many important initiatives implemented by the government have been supported by international donors. Foreign loans and grants have financed more than a third of the development expenditure in the last three years, and international donors have been willing and committed to post-conflict reconstruction in Nepal. The creation of the Nepal Peace Trust Fund (NPTF) and the creation of the Peace Fund by UNDP are key examples of such support. Donors have funded projects in various thematic areas, including forestry, micro-finance, disaster preparedness, humanitarian aid and agricultural productivity. A multi-donor Rural Reconstruction and Rehabilitation Sector Development Programme has been set up to address regional inequalities, representing by far the most visible initiative designed to support livelihoods of conflict-affected people.

There is limited empirical evidence on the impacts of specific interventions upon people's lives and livelihoods, although studies suggest that various initiatives have contributed to improving people's livelihoods. In particular, the government's investments in rural roads have had welfare-improving effects on households, either as measured by land values, consumption growth, poverty reduction, or agricultural income growth. The Rural-Urban Partnership Programme (RUPP) funded by UNDP and implemented by UNCHS has achieved positive outcomes, including improvements in urban service delivery, and the extension of ICT services. PACT's Women's Empowerment Program (WEP/WORTH) achieved improvements in literacy, increases in self-confidence, greater influence within the household, and higher numbers of women in business.

However, the overall effect of the existing interventions on people's livelihoods has been modest. This can be partly explained by the fact that the government's capacity to respond to the insecurities and vulnerabilities faced by the people has been weakened by the decade-long conflict, which resulted in a substantial withdrawal of local government officials and line ministry personnel from conflict-affected areas and led to a decline in important economic and social infrastructure and services. There have also been criticisms that the engagement of international donors has not significantly enhanced the capacity of the government to formulate and implement policies. In addition, existing interventions have not generally been sufficient to improve economic opportunities for people in remote rural areas, partly because efforts have been focused in urban areas and regional hubs, and partly because people's access to land and productive assets has not been improved.

## **7.2 Basic services**

The government has made significant progress in the provision of basic services, including education, health, and water and sanitation. The government has declared a policy of spending at least 20 percent of the total allocated budget on the basic service sector as per the 20/20 Compact. Nepal's Interim Constitution 2007 makes provision for free medical services as a fundamental citizenship right, and the government has adopted policies and programmes to fulfil this right. The Ministry of Education has developed a comprehensive School Sector Reform Plan (SSRP), which contains various components, including school reforms and teacher training. The government offers scholarships to children from underprivileged backgrounds, including those of ethnic minorities and Dalits. International actors have made a significant contribution to service delivery in Nepal, supporting projects to promote girls' education, offer school feeding schemes and improve drinking water supplies and sanitation. In the health and education sectors, development agencies focus on providing basic health and primary education within the sector-wide approach (SWAp) framework.

These policies and programmes have boosted key human development and social indicators in Nepal. There has been a reduction in child, maternal and under-five mortality. There are promising results in the utilisation of family planning programmes, professional ante-natal services, and hospital-based delivery. The primary net enrolment rate increased to 94 percent in 2012 from 87 percent in 2005. Gender equality in education has also improved considerably. The usage of sanitation facilities increased to 43 percent in 2010 from 30 percent in 2000.

Yet, despite these achievements, service delivery in Nepal has serious shortcomings. Access to essential services in Nepal remains highly unequal. It is especially limited for certain population groups, including women and children, indigenous ethnic groups, Dalits, Madhesis, and people living in mountain zones. There is a need to introduce institutional measures for reducing cost-related barriers to health and enhance opportunities for female education in order to enhance access to reproductive health care. Government schools often suffer from poor infrastructure, small classroom size and inadequate staffing, whilst private schools are unaffordable for average residents and those in remote areas. Access to safe drinking water is a major challenge, and some 5.6 million individuals (around 20 percent of the population) do not have an access to safe drinking water. These problems are compounded by the weak capacity of the government to implement effective sectoral reforms.

## **7.3 Social protection**

Since the 1990s, the state has demonstrated a political commitment to social protection in an effort to improve people's living standards, reduce social inequalities and build state legitimacy. The Interim Constitution of Nepal (2007) views employment and social security as fundamental rights of every citizen. In 2009, the state established the National Steering Committee on Social Protection. It seeks to develop a comprehensive and consolidated social protection framework for Nepal. External aid agencies have been pivotal in shaping the social protection policy landscape in Nepal, both through the promotion of particular programmes and the provision of knowledge and expertise. This 'support' role is reflected in and embodied by the aforementioned Social Protection Task Team, a group of development partners – including UNICEF and ILO (co-chairs), DFID, ADB, the World Bank, UNCDF, WHO, GIZ and WFP – whose purpose it has been since 2006 to provide assistance and support to the government for the improvement of social protection in Nepal. A number of agencies and NGOs are either funding or

implementing social protection projects in Nepal, often in conjunction with one or more government Ministry.

The state implements a plethora of social protection programmes, including formal social insurance, social assistance, and labour market programmes. Social assistance includes benefits such as assistance for the elderly, health assistance, child protection programmes, disaster relief assistance and other forms of assistance targeting the poor population. Social assistance has become an important tool for tackling social exclusion. In particular, the government provides social transfers and scholarships to socially excluded members of ethnic minorities, low caste Dalits and residents of remote areas in an attempt to raise their living standard and build their human capital. The universal Senior Citizen's Allowance has been crucial for addressing the needs and vulnerabilities of older persons. The Karnali Employment Programme provides 100 days of paid employment to poor unskilled labourers.

It is perceived that these programmes have made a crucial contribution to people's wellbeing. However, they offer limited benefits that are not always sufficient for meeting all immediate basic needs, and many social protection initiatives have weak coverage and do not reach all poor and vulnerable individuals who require support. More fundamentally, there is a lack of reliable evidence on the empirical impacts of social protection programmes in Nepal.

#### **7.4 Research needs**

This review has revealed a number of challenges concerning the availability, quality and nature of evidence on the impacts of policies and programmes in the area of livelihoods, basic services and social protection. Firstly, many local researchers doubt the authenticity and accuracy of the data used to monitor socio-economic progress and track the achievements of the MDG targets. Secondly, the usage of different methodologies for measuring poverty and defining minimum subsistence thresholds produces different poverty measures and affects understanding of people's livelihoods. Thirdly, there is a series of gaps in the evidence base regarding the impacts of various interventions. These include the following:

- Robust evaluations of livelihoods interventions are relatively scarce in the Nepalese context, and many of those that *do* exist are preoccupied more with inputs and outputs than outcomes and impacts.
- Similarly, there are few impact evaluations in the area of service delivery and social protection. There are limited data on and analyses of the role and effectiveness of various, governmental and non-governmental actors in delivering basic services to the population.
- The existing research on livelihoods in Nepal has focused mostly on the social and economic status and assets, without paying attention to the psychological and psycho-social aspect of wellbeing.
- There is a lack of studies that examine the linkages and interdependence between the micro, meso and macro levels of livelihoods.
- There is also limited evidence on people's perceptions of the quality and accessibility of services. Many studies rarely incorporate participatory methods that would seek to identify and utilise people's voice and experiences.
- There is little information on the wellbeing of children and child poverty. Most studies on basic services and social protection contain inadequate gender specific and gender disaggregated analysis.



# Annex

## Annex 1: Terms of Reference

### Evidence Papers Protocol

In our general and technical tender for the Secure Livelihoods Research Consortium (SLRC) we raised concerns about the current state of literature on fragile states and on service delivery, social protection and livelihoods. We argued that the literature tended to provide generic overviews of issues (sometimes even literature reviews of other literature reviews) rather than more rigorous empirical and context-specific analysis. We identified four core weaknesses:

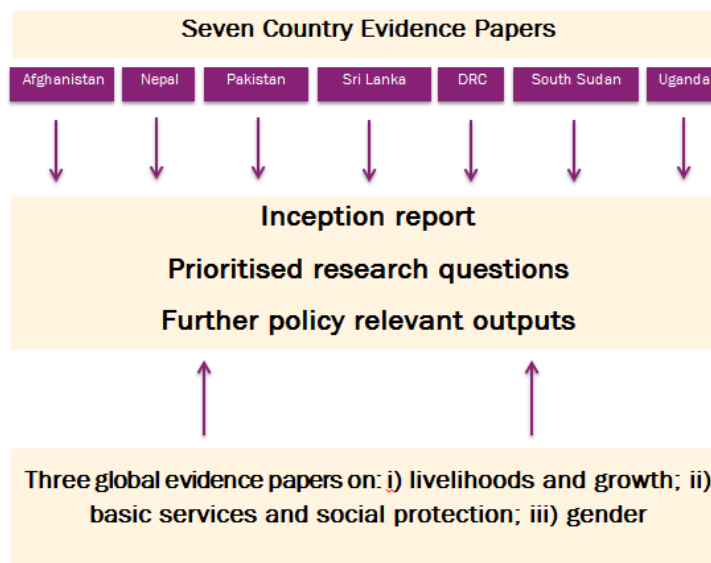
- A case study focus on small geographical pockets or individual sectors that led to a partial rather than comprehensive portrayal of people's own lives and livelihoods in fragile and conflict-affected situations;
- A lack of comparable studies due to the use of different methods, definitions and contexts;
- A focus on snapshots or stock-takes of livelihoods, social protection and service delivery and a lack of longitudinal analysis that enables our understanding, particularly at household and community level, to be dynamic instead of static; and
- Research that is isolated from rather than integrated into economic analyses of growth and development

The production of evidence papers during the inception phase of our RPC provides an opportunity to us to test the extent and depth of these weaknesses and to begin to tackle the weaknesses. In the inception phase of the Secure Livelihoods Research Consortium (SLRC) we will be producing 10 evidence papers (Figure 7):

- 1 Global synthesis of what we know about growth and livelihoods in fragile and conflict-affected situations
- 2 Global synthesis of what we know about basic services and social protection in fragile and conflict-affected situations
- 3 Synthesis of what we know about growth, livelihoods, basic services and social protection in Nepal
- 4 Synthesis of what we know about growth, livelihoods, basic services and social protection in Sri Lanka
- 5 Synthesis of what we know about growth, livelihoods, basic services and social protection in Afghanistan
- 6 Synthesis of what we know about growth, livelihoods, basic services and social protection in Pakistan
- 7 Synthesis of what we know about growth, livelihoods, basic services and social protection in DRC
- 8 Synthesis of what we know about growth, livelihoods, basic services and social protection in South Sudan
- 9 Synthesis of what we know about growth, livelihoods, basic services and social protection in Uganda
- 10 Gender paper

This paper describes our methodological protocol for the production of the evidence papers. It describes how we will capture elements of the systematic review methodology without carrying out a systematic review. A full systematic review would have limited usefulness given: the large number of questions that we have to answer; the lack of agreed terminology or complexity of many of the themes (and therefore search strings) that our research covers ('fragile', 'social cohesion', 'basic services', 'livelihoods', 'growth'); and that recent reviews have demonstrated that only very small numbers of high quality research outputs are identified by systematic reviews

**Figure 7 : Contribution of evidence papers to inception phase**



However, our evidence papers will certainly benefit from adapting some of elements of the systematic review, especially because we will have a large team working on the papers, spread across different geographical locations and institutional homes. Benefits include:

- More careful development of research questions (rather than research themes or areas), including deconstruction of research questions in terms of population, intervention, comparator and outcome. This is particularly important given the very broad parameters of our research;
- Ensuring a consistent sampling and interpretation of literature;
- Reducing bias in our analysis of policies and programmes;
- Systematically assessing research quality and using this to identify gaps in research outputs based on quality rather than quantity of outputs; and
- The opportunity to establish a baseline for assessing the current state of research and replicating our process in 5–6 years’ time to assess our impact

### Research Questions

Our research questions have been developed in consultation with RPC partners and affiliates and with DFID. They are significantly more complex than typical systematic review questions.

For evidence papers 1 –2 (Growth and Livelihoods, Basic Services and Social Protection), authors will be required to answer the following questions:

- **People:** What is known about peoples’ own responses, disaggregated by gender, to conflict and their tactics for making a living and maintaining access to basic services and social protection?
- **Governance:** How do state and society interact in the institutional arrangements that mediate livelihoods, social protection and access to services? What are the gender dimensions of these interactions?
- **Aid:** What aid is being provided and its effectiveness in supporting access to basic services, livelihoods and social protection? What is known about the gendered impact of aid?
- **Private sector:** What is known about the role of the private sector in a) delivering services and social protection and b) stimulating multipliers and growth linkages?
- **Linkages:** What linkages between people-aid-governance determine outcomes in relation to livelihoods and access to social protection and basic services?
- **Data:** What current, gender-disaggregated data exists on poverty levels, livelihoods, growth, access to basic services, access to social protection and key health and nutrition indicators and what quality is it?



- **Quality:** What is the quality of the current evidence (including the extent to which gender is analysed)
- **Methods:** What methods are currently being used to research livelihoods, access to services and social protection
- **Gaps:** What gaps exist in the evidence, research methods and secondary data

For each of evidence papers 3– 5 (Afghanistan / Pakistan, Sri Lanka / Nepal, Uganda / South Sudan / DRC), authors will be required to answer the same questions:

- **People:** What are peoples' own responses, disaggregated by gender, to conflict and tactics for making a living and maintaining access to basic services?
- **Governance:** How do state and society interact in the institutional arrangements that mediate livelihoods, social protection and access to services? What are the gender dimensions of these interactions?
- **Aid:** What aid is being provided and its effectiveness in supporting access to basic services, livelihoods and social protection? What is known about the gendered impacts of aid?
- **Linkages:** What linkages between people-aid-governance determine outcomes in relation to livelihoods and access to social protection and basic services?
- **Private sector:** What is known about the role of the private sector in a) delivering services and social protection and b) stimulating multipliers and growth linkages?
- **Data:** What current, gender-disaggregated data exists on poverty levels, livelihoods, growth, access to basic services, access to social protection and key health and nutrition indicators and what quality is it?
- **Quality:** What is the quality of the current evidence (including the extent to which gender is analysed)
- **Methods:** The types of methods currently being used to research livelihoods, access to services and social protection
- **Gaps:** What gaps exist in the evidence, research methods and secondary data

For such a large research programme with multiple outputs, it is difficult to pin down the parameters of research questions as would be the case in a systematic review: there will be no single definition of *population, intervention, comparator and outcome*<sup>15</sup> that makes sense across all questions and countries. Guidelines and regular consultation will be used to ensure that across the team, there is some consistency in setting parameters.

### Searching and Recording Strategy

All of the evidence papers will be based on a thorough and systematic literature search. A broad range of relevant academic databases will be searched (see Appendix 1 for an initial list). The London-based team will coordinate the search so that there is no replication of effort across the different teams responsible for papers 1 – 5. For each evidence paper the team will list of databases/ sources to be used and the search terms that will be applied. Criteria will be developed for how to decide on the relevance of sources. The list of databases and sources, search terms and criteria will be shared between the different evidence paper teams to ensure a consistent and replicable approach. The London-based team (evidence papers 1 and 2) will lead on the identification of formal published literature, particularly that found in open and closed access journals. The country-based teams (evidence papers 3–5) will focus on grey literature specific to their respective countries. All teams will regularly share other literature that their searches uncover.

A database system (possibly EPPI Reviewer 4– to be confirmed) will be used to manage and code studies found during the review.

<sup>15</sup> **Population** - who are you looking at? E.g. All beneficiaries of service delivery? Only poor people receiving services? All poor people? All people in fragile or conflict-affected countries? **Intervention**- what kind of programme/ change are you studying? E.g. receiving social protection, providing separate toilets for girls in schools, ensuring markets are regulated? **Comparator** - what are you comparing the intervention against? E.g. beneficiaries versus non-beneficiaries; cash transfer programmes versus public works programmes, or comparing beneficiary situation before and after receiving services. **Outcome**- what impacts are you looking at? How income changes? How attitudes towards the state change? If girls' school attendance increases?

The following will therefore be developed jointly by the research assistants / evidence paper leaders and research directors over the next month:

- A list of databases and sources to be used
- Agreed search terms to be applied and definitions for terms
- Criteria for deciding on the relevance of articles and other literature to be included in the analysis
- An agreed matrix for analysing and classifying the results of these searches

All studies will record the search process and the criteria by which literature is included or excluded (what search terms are used, where results are found, why literature was excluded etc) in a way that will enable the studies to be replicated in 2015 and ensure that the analysis is transparent and objective.

Evidence papers 3–5 will also require a review of the grey literature including policy documents, evaluations and other unpublished documents. This should be gathered in-country and globally by consulting with key stakeholders (donors, aid agencies, government etc) in an iterative process with the stakeholder consultation.

The review will cover both content (what are the key issues raised in the literature) and make judgements about the quality of the evidence and methods used.

### Analysis

The results from these searches will be systematically analysed using an agreed matrix for classifying results. This will be developed by the London teams for the global syntheses and shared and adapted by the teams working evidence papers 3–5.

The analysis process for the global syntheses will be agreed in week commencing Monday 2nd May. It is anticipated that either

- 1 Specific sectors will be allocated to the four team members (RS, RM and 2 x research assistants) and each researcher will iteratively build an analysis of that sector with sectoral inputs from sector specialist; or
- 2 Research themes (especially people-aid-governance) will be divided between the researchers and they will iteratively build an analysis of that theme with inputs for sector leads; or
- 3 Based on this division of labour the teams will produce a shared analysis of quality and methods. The team for papers 1–2 will produce weekly reports on progress and findings and meet weekly to share results of analysis. These reports will be shared with those working on other evidence papers.

The process (for the global synthesis) will be shared with teams working on evidence papers 3–5 who will adapt it to fit the specific context for their work. It is anticipated that evidence Papers 3–5 will follow the shared outline to maximise comparative findings. A draft outline is proposed below which will be revised based on comments now and discussion with the research teams once the reviews are underway. A decision will need to be made about whether each evidence paper has two-three separate chapters for each countries, or whether each sections includes all (2 or 3) countries.

#### Box 4: Draft outline for country evidence papers

Introduction – 1 page

Country Contexts – 3 pages

A section outlining the basic social, economic and political context of the two – three countries in question. It should include core indicators such as the percentage of people with access to clean water etc from sources such as the Human Development Index.

Livelihoods and growth – 15 pages

Basic services and social protection – 15 pages

Each of these sections should be broken down into sub-sections on:

**People:** What are peoples' own responses, disaggregated by gender, to conflict and tactics for making a living and maintaining access to basic services?

**Governance:** How do state and society interact in the institutional arrangements that mediate livelihoods, social protection and access to services? What are the gender dimensions of these interactions?

**Aid:** What aid is being provided and its effectiveness in supporting access to basic services, livelihoods and social protection? What is known about the gendered impacts of aid?

**Linkages:** What linkages between people-aid-governance determine outcomes in relation to livelihoods and access to social protection and basic services?

**Private sector:** What is known about the role of the private sector in a) delivering services and social protection and b) stimulating multipliers and growth linkages?

**Data:** What current, gender-disaggregated data exists on poverty levels, livelihoods, growth, access to basic services, access to social protection and key health and nutrition indicators and what quality is it?

**Quality:** What is the quality of the current evidence (including the extent to which gender is analysed)

**Methods:** The types of methods currently being used to research livelihoods, access to services and social protection

**Gaps:** What gaps exist in the evidence, research methods and secondary data

Conclusions – 6 pages

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