

OLDAGE ALLOWANCE PROGRAM IN NEPAL

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The Kingdom of Nepal is located between the latitude 26 22" N to 30 27" North and longitude 80 4" E to 88 12" East and elevation ranges from 90 to 8848 kilometres. The country is bordering between the two most populous giants in the world, India in the east, south, west and China in the north. The northern range (Himalaya) is covered with snow throughout the year where the highest peak in the world, the Mount Everest, stands. It accommodates more than 60 caste/ethnic groups. The system of governance consists of a constitutional monarchy where people exercise rights of adult franchise. The executive, legislative and judiciary bodies function and exercise their rights independently. There is a two-tier system of legislation; the upper house, called the Rastriya Sabha, consists of 60 members and the lower house, called the Pratinidhi Sabha, is the house of representatives; its members are elected from 205 electoral constituencies which cut across 75 districts of the country and headed by an elected Prime Minister.

Ecologically, the Kingdom is divided into three regions; Mountain, the Hill and the Terai (plains). The mountain region covers about one-third of the land area but only about 2 percent of its area is suitable for cultivation. According to the 2001 population census, the region accommodates only 7.3 per cent of the total population. The hill region accounts for the largest share (42%) of the land area but, again, only one-tenth of the area is suitable for cultivation. This region's share of the population is 44.3 percent. The terai region comprises 23 per cent of the land area and half the population of Nepal. At another level, specifically for the purpose of socio-economic development, the Kingdom is divided into 5 development regions: eastern (16 districts), central (19 districts) western (16 districts), mid-western (15) and far-eastern (9 districts) regions.

Administratively, the country is divided into 75 districts; 16 in the Mountain region, 39 in the Hill and 20 in the Terai region. Districts are further divided into a number of Village Development Committees (VDCs) and Municipalities as local units. Currently, there are 3914 VDCs and 58 Municipalities including one Metropolitan and four sub-metropolitan cities. The VDCs and municipalities are sub-divided into smaller units called the Ward. There are nine wards in each VDC and number of wards in a municipality ranges from 10 to 35. Each district is headed by a Chief District Officer (CDO). The CDO is responsible for the maintenance of law and order and for the construction of developmental works conducted by different ministries and local agencies at the district level.

Nepal is one of the least developed countries in the World. According to the provision results of the 2001 population census, the population of Nepal was 23.2 million – 11.58 million males and 11.62 million females¹. Certain selected demographic, social and

¹ In census 2001, enumerator could not collect information from all wards of 80 VDCs of 8 districts, some wards of 37 VDCs of those 8 districts and some wards of 2 municipalities of Jhapa district due to Maoist disturbance in Nepal (Central Bureau of Statistics, 2001).

economic indicators are presented in Table 1. Nepal population grew at 2.3 per cent per year during the last decade and reported more women than men in the total population. The average household size is 5.44; it ranges from 4.6 in Khatmandu district to 6.6 in Kapilbastu district. Obviously, the density of population is extremely low - 157 persons per square kilometre. In fact, there are three districts (Manang, Mustang and Dolpa) in Nepal where the density is as low as 4 persons per square kilometre. Elderly aged 60 and above forms just 7 per cent of the population while those above 75 above is only 1.3 per cent. Nepal is also known for its extremely high infant and child mortality rates which amount to 64 and 91 respectively per 1000 live births. Besides, Nepal is among the ten countries in the world where the incidence of poverty is extremely high. As of 2001, 40 per cent of people were below the poverty line. Chronic malnourishment among children below five years is above 54 per cent. One-half of the households in Nepal are reported to have no toilet facilities. On an average, Nepali women bear 4 children during their reproductive life. The life expectancy at birth is around 60 years.

Table 1: Demographic, Social and Economic Indicators for Nepal, 2001

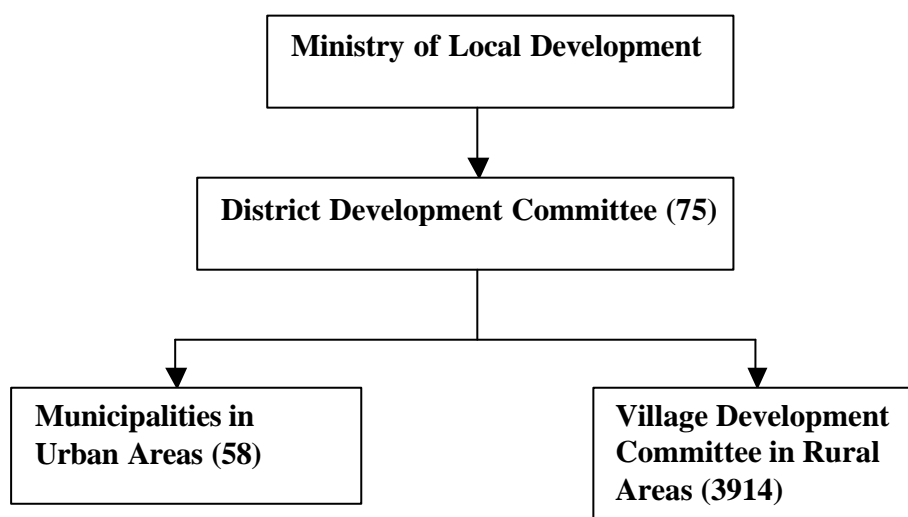
Indicators	
Population Size	23214681
Area in Square Kilometre	147181
Number of Households	4174374
Average Household Size (persons)	5.45
Sex Ratio (females per 1000 males)	1003
Population growth rate, 1991-2001 (per cent per annum)	2.27
Population Density (Persons per square kilometre)	158
Percent of Urban population	14.2
Percentage of Elderly 60 and above	6.5
Percentage of Elderly 75 and above	1.3
Percentage of Households with no toilet facility	52.49
Male literacy rate (percent)	65.08
Female literacy rate (percent)	42.49
Percent of ever married having three and above children	46.63
Total fertility rate (children per women)	4.1
Median age at marriage among ever-married women (15-49 years)	16.6
Infant Mortality Rate (deaths per 1000 live births)	64
Under-five mortality rate (deaths per 1000 live births)	91
Life expectancy at birth (years)	59.7
Per capita GDP (US Dollars), 2001-02	220
Human Development Index, 2000	0.466
Human Poverty Index, 2000	39.2
Head Count Index, (population below the poverty line)	38.1
Unemployment rate, 1998 (per cent)	4.9
Chronic malnourishment among children (under 5 years), per cent	54.1

Sources: Nepal 2001 Census; Nepal 2001 Demographic and Health Survey; Nepal 2001 Human Development Report.

OLDAGE ALLOWANCE PROGRAM (OAP)

The universal flat pension of Rupees 100 to all elderly² above 75 years was first announced in Nepal by the then Prime Minister of Nepal, Mr Manmohan Adhikari, (who led a Government of Marxists and Leninists) on 26 December 1994. Five districts from the five development regions of Nepal were selected on a pilot basis and the first disbursement of Oldage Allowance Program (OAP) was made on 2nd July 1995 for a six-month period from January-June. The implementation of the pilot project in five-districts was carried out by the Ministry of Education and Sports and distributed at the grass-root levels by the Village Development Committees. During the financial year, 1995-96, OAP was extended to the entire country and was implemented by the Home Ministry. During 1995-96, an amount of 280 crores of Rupees were released for the implementation of the program. Since 1996-97, the Ministry of Local Development was administering the OAP, and the allowances were distributed by the ward offices in the urban areas and Village Development Committees in the rural areas. (See Chart 1 and Box A).

CHART 1: ADMINISTRATIVE STRUCTURE FOR IMPLEMENTING OLDAGE ALLOWANCE PROGRAMME IN NEPAL



When the Nepali Congress came to power through a verdict of the electorate during 1996-97, they introduced two additional social security programs, namely Helpless Widows Allowance for widows above 60 years of age³ and disabled pension⁴ with Rupees 100 per month. However, in the International Year of Elderly Persons (1999), the ruling Nepali Congress raised the Oldage allowance from Rupees 100 to 150.

² Unless otherwise stated, elderly are defined as persons above 75 years.

³ All Nepalese widows with the following mean-tested criteria: those who have crossed the age of 60 and do not have any economic sources, those who don't get any care from the family members and widows who don't get the pension of their late husbands.

⁴ The disabled Nepalese citizens having the following physical infirmities and completed sixteen years of age; blind, who do not have both hands or who have hands but don't work, who do not have both legs or who have legs but don't work.

Eligibility Criteria: All Nepalese, men and women, who have completed 75 and above are eligible for the pension. According to the directives issued by the Ministry of Local Development, the benefit of Oldage allowance is strictly based on the age mentioned in the Nepalese Citizenship certificate⁵. Social Security Program Identity Card, however, will be issued to those who are passed the age of 75 or enters in the age of 76.

The beneficiaries of the three social security programs for the year 2001-2002 are presented in Table 2. Currently, 1.9 lakh elderly persons above 75 years of age receive the oldage allowance; the number of recipients of helpless widows assistance was larger at 2.3 lakh. Our analysis indicates has shown that almost all recipients above 75 and disabled persons received their monthly allowances of Rupees 150⁶ and 100 respectively. However the amount allotted is not at all adequate in respect of helpless widows allowance program.

Table 2: The Working of Social Security Program in Nepal, 2001-2002

Program	Number of beneficiaries	Amount Released	Annual allowance per person	Monthly allowance per person
(1)	(2)	(3)	(4)	(5)
Oldage Allowance Program *	191953	348264000	1814	151
Helpless Widows Assistance #	227694	226760600	995	83
Disabled Pension @	3667	4400400	1200	100

Source: Unpublished data from the Ministry of Local Development, Khatmandu, Nepal.

Notes: * Rupees 1800 annually; # Rupees 1200 annually; @ Rupees 1200 annually.

Column 4 is arrived by dividing the column 3 and column 2. Column 5 is arrived the dividing the column 4 by 12 months.

Over the years, the number of oldage allowance recipients has shown a steady increase except during 2000-2001. (See Table 3). While the number of recipients has reached

⁵ When the program announced in 1994 and implemented in 1995 throughout the Kingdom, some of the elderly eligible for the allowance could not have their Nepalese identity certificate. Government requested the elderly to apply for a Nepalese citizenship certificate with supporting documents such as place of birth, father's name, current address and date of birth or age. Age is the only criteria for allowance, there were many problems faced by the elderly to prove their age. Incidentally, the Election Commission of Nepal had issued an identity card for voting in the elections. Among other things, the election identity card included the age of the person. Some of them could use the Election Identity card to acquire a Nepalese Citizenship certificate. Incidentally, most of elderly had their horoscopes and it contains the accurate date of birth. Government allowed the elderly to use their horoscopes to apply for the Nepalese Citizenship card. According to my assessment, over the last 7 years, all the eligible elderly above 75 years are brought under this program. Currently, every one in the country knows about the oldage allowance. As all elderly above 75 are illiterate, the current achievement is remarkable. However, inaccessibility to the remote areas of Nepal is still a major problem in the implementation of the scheme.

⁶ Our field survey with the elderly recipients and the researcher discussion with the VDC officials indicate that the oldage allowances were not paid regularly. In fact, both the recipients and disbursing officials admitted to this effect. (see also my interview with the Chairman and the Secretary of the VDC in the rural areas, BOX A.

almost to 2 lakhs, the budget allocation has been quite disappointing. When the program was first implemented by the Government, an amount of Rs. 280 crores was released in 1995-96; it was raised to Rs. 400 crores in 1998-99.

Table 3: Oldage Allowance Program Beneficiaries, 1996-97 to 2001-2002

Year	Number of beneficiaries	Amount Released	Annual allowance per person\$	Monthly allowance per person\$
(1)	(2)	(3)	(4)	(5)
1995-96	#	280,000,000	#	#
1996-97 *	161608	280,000,000	1733	144
1997-98 *	171469	350,000,000	2041	170
1998-99 *	175608	400,000,000	2278	190
1999-2000	175540	309,705,600	1764	147
2000-01	173529	296,469,700	1708	142
2001-02	191953	348,264,000	1814	151

Source: Unpublished data from the Ministry of Local Development, Khatmandu, Nepal. Since 1999-2000, the Ministry have compiled the number of beneficiaries separately for the oldage allowances. Prior to that, the Ministry provided one figure for all the three programs (OAP, HWA and Disabled pension). * Using the 1999-2000 ratio (number of oldage allowance beneficiaries divided by the total beneficiaries), we have reconstructed the number of beneficiaries for the earlier periods, 1996-1999.

Notes: # Not available; The Oldage allowance was Rupees 100 for the period 1995-1999 and it was raised to Rupees 150 since 1999-2000.

Column 4 is arrived at by dividing column 3 by column 2. Column 5 is arrived at by dividing the column 4 by 12 months.

However, it may be pointed out that while rigorous criteria was adopted in the disbursement of grant, the sanctioned amount of the grant has fallen short of the amount required. In the first four years of the program, the picture was very different. For instance in 1998-99, the amount released was double the amount required by the VDC and municipalities to disburse the allowances. Two reasons have been pointed out for the present situation namely, (1) the increase in the number of potential beneficiaries and the enhancement of the allowance from Rupees 100 to 150 per person per month

The Ministry of Local Development is not maintaining records of the oldage allowance recipients by age and sex.⁷ Our brief survey indicates that more elderly females above 75 receive allowances compared to males. The single year age returns show no clear trends. (Appendix I). Among the three areas surveyed in Nepal, we found that the female beneficiaries numbered 311 and male beneficiaries 265. In other words, for every 100 males, 118 females receive old age allowances in Nepal. We also present the age profile

⁷ To assess the sex and age profile of the OAP recipients, we have collected data from two wards and one VDC. Single year age-sex distribution of one urban ward and rural VDC is presented in Appendix 1.

of pensioners for the three areas of Nepal on the basis of data collected at the field level (Table 4).

Table 4: Age Profile of Oldage Allowance Beneficiaries in Nepal, 2002

Age	Ward No 10		Ward No 34		Gurudaket VDC		Total	
	No	%	No	%	No	No	No	%
76-80	40	27.4	74	50.3	117	41.4	231	40.1
81-85	59	40.4	42	28.6	95	33.6	196	34.0
86-90	35	24.0	21	14.3	51	18.0	107	18.6
91-95	10	6.8	9	6.1	14	4.9	33	5.7
96-100	2	1.4	1	0.7	6	2.1	9	1.6
Total	146	100.0	147	100.0	283	100.0	576	100.0

Source: Compiled from the registers kept in the respective office.

The data presented in Table 4 reveals many contradictions. In ward no 10, more older persons were found in the age group 81-85 compared to 76-80 whereas in ward no 34 reports the opposite trend; more persons in the age groups 76-80 and then a dip in 81-85. The Village Development Committee data shows a normal trend: decline in the number of beneficiaries with the increase in age. When we add up all three, we find the data kept in the registers in the ward and VDC offices are quite good and comparable for the analysis. Few more points to be made in this regard⁸.

Using the VDC and Ward registers, we have tried to compile the statistics of beneficiaries for each year. According to the Directives issued by the Ministry, the district development committee is required to submit comprehensive statements regarding the beneficiaries every six months to the Ministry of Local Development. It is also declared policy of the Ministry of Local Development to make a public announcement of the name, address of the all the recipients of the Oldage Allowance. According to the norms stipulated by the Government, the Village Development Committee/Municipality shall update all statistics of the social security identity card holders on a tri-annual basis and send them to the district development committee. It also envisages penalty for forged documents⁹. Table 5 presents a case study of an urban ward in Nepal.

⁸ The village development committee maintains the record very well and they are ready to share with the researcher. For instance, once the allowance recipient dies, the VDC office makes a note. In our survey of wards in the urban areas indicates some manipulation by the ward office members. For instance, one ward office at the first instance did not share the registers with the researcher. After some pressures, the ward member shared the registers. When we analysed the data of this ward, we found that some death persons were also collecting the allowances. According to the registers, in this ward, no recipient died between 1999-2002. On the contrary, in the other urban ward, 39 recipients died during the same period. In the rural VDC, 26 people were died during the same period. This points to a corruption in some wards in disbursing the pension.

⁹ The chairperson of the village development committee or mayor of the municipality should be able to penalize the citizens for the deceitful acts like showing the fake documents to get the identity card. For instance, there has been the fake increase in age by one year or more, then their identity card can be cancelled. If we follow strict guidelines for proving the age through the Nepalese Citizenship certificate, then there will be no fraud and corruption.

Table 5: Updating the Oldage Allowance Program in a Ward in Nepal.

Year	Beginning of the fiscal year		Deaths during the fiscal years		additions during the year		Number of recipients at the end of the year	
	Male	Female	Male	Female	Male	Female	Male	Female
1996-97	-	-	-	-	-	-	39	77
1997-98	39	77	6	13	11	19	44	83
1998-99	44	83	3	7	9	9	50	85
1999-00	50	85	4	6	11	11	57	90
2000-01	59	90	-	-	-	-	-	-

Source: Compiled from the records kept in the ward office.

Let us estimate the ratio of total spending on non-contributory pensions or allowances in Nepal to the total expenditure of the Government. Available data indicates that the ratio of expenditure on Oldage allowance program to total expenditure is on the decline; 0.6 percent in 1995-96 to 0.4 percent in 2001-02 (Table 6)

Table 6: Trends in Expenditure on OAP in Nepal (in Million)

Year	Expenditure on Oldage Allowance Program	Total expenditure of the Government	Percent to total
(1)	(2)	(3)	(4) = (2)/(3)
1995-96	280	46543	0.60
1996-97	280	50723	0.46
1997-98	350	56118	0.62
1998-99	400	59579	0.67
1999-2000	310	66273	0.47
2000-01	296	91621	0.32
2001-02	348	99687	0.35

Source: Unpublished data provided by the Ministry of Local Development on the expenditure on oldage allowance program. Total expenditure of the Government is compiled from budget papers issued by the Ministry of Finance from time to time.

Coverage: According to the latest information, 191,953 persons above 75 years of age receive the old age allowances administered by the Ministry of Local Development. We have, however, no reliable information on the number of elderly persons above 75. The Nepal census provides the elderly persons by age 75 and above. Let us look at the trends in the population of elderly 75 and above and the total population of the country.

Table 7: Elderly Population 75 and above in Nepal, 1971-2001

Census Year	Elderly Population 75 and above			Total Population	
	Number	% to total population	Growth rate	Number	Growth rate
1971	95007	0.82	--	11555983	--
1981	144197	0.96	4.17	15022839	2.62
1991	185165	1.00	2.50	18491097	2.10
2001	295459	1.27	4.67	23214681	2.27

Source: Compiled from various census reports of Nepal.

According to the 2001 census, Nepal has enumerated 295459 elderly persons of 75 and above whereas the oldage allowance program is provided to elderly above 75. If we know the elderly person in age 75 in 2001¹⁰, we can deduct it and arrive at the figures to assess the coverage of OAP in Nepal. Like in many other developing countries, there is a tendency among males and females to prefer their ages to end with zero and five and to avoid the digits 3, 7 and 9. This suggests the heaping of population at ages 0 and 5¹¹. To arrive at an approximate figure for the elderly above 75, let us also look at the single year distribution of elderly by age in Nepal from the 1991 census. Out of 100 persons of ages 75 and above, 24.20 percent were reported to be just 75. On the other hand, if we remove persons who were exactly 75 years old and calculate the proportion of elderly above 75 to total population, the proportion is just 0.759 percent to the total population of Nepal instead of 1.001 percent.

Table 8: Single year age returns of persons 75 and above in Nepal in 1991

Age	Number	% to 75 and above	Age	Number	% to 75 and above
75	44815	24.203	87	2547	1.376
76	12525	6.764	88	2828	1.549
77	10344	5.586	89	1553	0.839
78	14315	7.731	90	5880	3.176
79	7967	4.303	91	1063	0.574
80	33074	17.862	92	962	0.520
81	6501	3.511	93	785	0.424
82	7664	4.139	94	516	0.279
83	5209	2.813	95	2029	1.096
84	6361	3.435	96	1053	0.569
85	10764	5.813	97	456	0.235
86	2993	1.616	98 and above	2941	1.588
Age not stated	2523	...	75 and above	185165	1.001

Source: Central Bureau of Statistics, 1993.

Table 9: Estimates of Elderly Persons above 75 in Nepal, 2001

Above 75 persons in Nepal (Estimate I)	Above 75 persons in Nepal (Estimate II)	Oldage Allowance recipients above 75	Coverage (Percent)	Coverage (percent)
(1)	(2)	(3)	(4)	(5)
224549	232146	191953	85.48	82.68

Note: Estimate I, we have applied the percentage of persons at age 75 to 75 and above observed in 1991 and imposed on the 75 and above persons in 2001. The percentage imposed was 76 percent in 2001; Estimate II, we have applied the percentage of persons at age 75 to total population of Nepal in 1991 and imposed on the 75 and above persons in 2001. The percentage imposed was 1.000 for 2001 census.

¹⁰ At the time of writing this, single year age distribution was not available. We have used the 1991 census single year and arrive at an approximate estimate of the number of elderly above 75 in Nepal.

¹¹ The well known Myer digit preference index calculated for males and females in 1991 was 7.2 and 7.3 respectively, indicating the heaping of 7 percent in the ages ending with 0 and 5.

Using the above procedure, we have arrived at two estimates for persons aged 75 and above for assessing the coverage of oldage allowance program in Nepal. Our analysis indicates that the coverage of oldage allowance program in Nepal ranges from 83 to 86%¹².

According to the recent statistics, the annual per capita income of Nepalese is 220 US Dollars (Nepali Rupees 16500 per year). On an average, the monthly income of the Nepali citizen is 1375 Rupees. The monthly allowance of the persons above 75 is now 150 rupees which works out to be 11 percent of the income of a Nepali citizen. The oldage allowance of Rupees 150 is equal to two and half days' wages of an agricultural labourer in Nepal (at the rate of Rupees 60 per day). With Rupees 150, an elderly can buy approximately 10 kilograms of rice or wheat in Nepal

SURVEY FINDINGS

As stated earlier, in Nepal one out of every 100 persons is an elderly above 75. Among them, approximately, 8 out of 10 are enjoying oldage allowances administered by the village development committee and municipalities. To assess the program at the individual level, we have canvassed a specialized questionnaire among 197 recipients of oldage allowance in rural and urban areas of Nepal. The elderly were selected on a purposive sample basis from both municipalities and village development committees.¹³ The addresses of recipients of oldage allowances were collected from the respective offices and they were interviewed at their place of residence¹⁴. Among the 197 elderly, 11 percent surveyed from urban centres and female formed 57 percent¹⁵.

Table 10: Age Profile of the Oldage Allowance Respondents¹⁶, 2002

	< 75	76-80	81-85	86-90	91-95	96 plus	Total
No	5	93	55	25	14	5	197
Percent	2.54	47.20	27.92	12.69	7.11	2.54	100.00

Source: Author's survey

¹² Illiteracy, inaccessibility and difficulty in obtaining the Nepalese citizen certificate to prove their eligibility can be cited as reasons for not able to reach 100 percent.

¹³ Khatmandu was selected for urban areas and three wards of Nawalparasi (Amarapuri, Gaindakot and Mukumdhapur) VDC was selected for rural areas.

¹⁴ Surprisingly, among the 197 respondents we have surveyed, one respondent has never informed his son or wife about the receipt of the allowance. The interviewer approached the house with the address given by the ward office, his son, the first class officer of the Government of Nepal told that his father was not a recipient of the allowance. After showing the list of recipients furnished by the ward office, he called his father and asked him about the allowance. He agreed in the presence of his son that he was receiving the allowance for last 5 years.

¹⁵ As of 2001 census, 14 percent of the Nepal population lived in urban areas; 51 percent of them were females.

¹⁶ Though the oldage allowances should be received only by the elderly above age 75, 3 percent of them in our small sample stated that they were just 75. During our survey, many of the respondents were not willing to answer some questions due to some fear that they may lose their oldage allowance, if we report them of some irregularities.

The age distribution of the respondents indicates the true distribution of the elderly 75 and above in the general population; more people at the initial years and much less people in the very old age; 47 percent in 76-80 age group and only 3 percent in 95 plus. Among the elderly surveyed, 35 percent had been receiving the old age allowance for more than 6 years;¹⁷, another 38 percent had been enjoying the allowance for 3-5 years and only 27 percent for less than 2 years. Four percent of the respondents had no children; 23 percent had 1-2 children; 34 had 3-4 children, 23 percent had 5-6 and 16 percent had more than 7 children. Only 3 percent of the elderly lived alone and another three per cent lived with their spouse. An overwhelming majority (94 per cent) lived with their children and grand children. This fact goes to prove that the family is the predominant social institution in Nepal which takes care of the elderly. Thirty three percent of the elderly lived in households with 3-5 members and another 57 percent lived in households which had 6-9 members and 4 percent lived in 10 member households.

Almost 95 percent lived in a permanent house. Only 20% of the surveyed households had toilet facilities inside the house; 94 percent had electricity; 52 percent used gas for cooking and 92 percent had a safe drinking water. Ninety six percent of the sample owned their houses in rural as well as urban areas. One in seven elderly reported working even after completing 75 years. Only 11 percent of the elderly reported that their health was 'poor' as against 43 percent who reported that their health condition was 'good'. One in four elderly reported that they had no chronic ailment; three out of five elderly were not under any regular medication. One out of three reported that they were currently sick and the same percentage was reported to be sick during the last one year, for more than 60 days. Surprisingly, more than 90 percent of the elderly had never indulged in any of the following habits (smoking, drinking or chewing). One out of two elderly suffered from poor vision and mobility and two out of three had problems with hearing. Nine out of 10 elderly reported having contact with their living children. As in other countries of South Asia, four out of five reported that the best living arrangement for the elderly was to live with their sons.

Among the recipients of oldage allowance surveyed, 64 percent reported that their first pension was only rupees 100 and the remaining 36 percent reported that they received Rupees 150. In other words, 36 percent of elderly had joined the allowance program after 1999 when the pension amount was enhanced from rupees 100 to 150. The elderly received the information about the allowances from the following three major sources: government notification thorough print and visual media (27.9 percent), children (30 percent) and neighbours (27 percent). Own children ranks highest among the informant about the allowance program. Application forms for applying for the allowances are distributed thorough village development committee office or ward office in the municipalities so every one had to collect the form from this office.

Two out of every five elderly did not themselves collect the application form instead they engaged their children who collected the form on behalf of their parents and submitted the form to the authorities for sanction of the allowance with supporting documents. Out

¹⁷ As per the available estimates, on an average an elderly male and female who have completed 75 years of life likely to survive another 6.9 and 7.2 years respectively (Central Bureau of Statistics, 1995)

of 197 elderly, only 73 had to travel a kilometre to collect the application form. Among them, one-fourth had to travel more than 4 kilometres. As pointed out earlier, application forms were distributed at free of cost, however, the elderly needed two passport size photographs and a photocopy of their Nepalese citizenship certificate to be submitted along with the application. Our surveys have shown that most of the elderly had to spend only very minimal amounts to collect the form (travel expenses). The highest travel expenditure of Rupees 60 was incurred by only one person.

All the elderly surveyed had proved their eligibility for the oldage allowance by producing their Nepalese citizen certificate. Though the application form was free, supporting documents did cost some money to the elderly. Two out of five incurred expenditure around rupees 50 and another 40 percent spent around 100 rupees. One out of 10 elderly had to spend an amount equal to one month's allowance (Rupees 150) to acquire the supporting documents to prove their eligibility. As the applicant had to submit the application in the prescribed form along with supporting documents to prove their age, no official from the government ever visited the applicant for any sort of verification. Only applications of 2 percent of the elderly surveyed had been rejected. Whenever the applicant went to collect the application form or to submit the completed application form or to receive the allowances, government officials behaved well with them. Four out of 5 elderly (80%) had Nepalese citizenship certificate in their possession before the introduction of oldage allowance program and thus only 20% of them had to apply for the citizenship with necessary supporting documents about their place of birth, date of birth or age.

No bribe was reported by any of the elderly surveyed. Nine out of 10 elderly reported that they received pension regularly (three times annually)¹⁸. Oldage allowances are paid in cash and the recipients have to renew their social security identity card every year at no extra cost. An overwhelming majority of the recipients reported that their children were very happy with the pension. Two out of five elderly surveyed reported that the monthly allowance Rupees 150 was more than enough to meet the daily needs of an elderly person. Among the 127 elderly who reported more money allowances, 40 percent suggested that the allowance should be raised to Rupees 300 and another 25 percent were of the view stated that it should be revised to Rupees 500.

Acknowledgments: I thank the following persons for their assistance in the conduct of the study; Heet Singh Shrestha and Ishwar Raj Mainali of the Institute of Integrated Development Studies, Khatmandu, Nepal, for their help in collecting the required data at the governmental level and in the conduct of the field survey in the urban areas; Prem Sagar Subedi, Usha Sharma, Subash Subedi, Sabita Adhikari and Karuna Sagar Subedi of Sahamati, an NGO functioning in the Nawal Parasi VDC, for the conduct of the field survey in the rural areas of Nepal and Anil, Dinesh, Raji, for data entry and analysis.

¹⁸ During the course, some of the respondents reported that the VDC and Ward officials are not prompt in informing the allowance recipients about the disbursement of money. They have to come to VDC office quite often to enquire about the allowance. Few of them reported that some of the VDCs and Wards, they asked them to sign for four months allowance of Rupees 600 and pay them sometimes 400 or 500.

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BOX A: VILLAGE DEVELOPMENT COMMITTEE: NEW EXPERIENCE

According to the administrative set up of Nepal, Village Development Committee (VDC) is the fund-distributor of the Oldage Allowance Program (OAP) for the elderly above 75 years in the rural areas. The VDC also acts as a nodal agency for administering other two social security programs namely Helpless Widow Pension (HWP) and Handicapped pension (HP). According to the just-completed 2001 population census, Nepal has 3,914 VDCs. Each VDC consists of nine wards and each ward has its own representative elected for a period of five years. The VDC has 9 elected members; one chairman, one vice chairman and seven members to discharge all its administrative functions and to implement the various programs initiated by His Majesty's Government from time to time. Again, each ward selects four members and one among them is a ward representative. Ward representative is an elected member from the ward. He/She has no salary. He/She gets only Rupees 100 (US \$ 1.3) as a sitting allowance whenever there is a meeting. He/she is supposed to keep a list of all members eligible to benefit from various poverty alleviation programs including the OAP.

How does the OAP really work in the rural areas of Nepal? To get first-hand information, I travelled to Nawal Parasi VDC, 150 kilometres from the Capital Kathmandu (During my visit, the area was under night curfew (no one allowed to move out between 8.00 p.m to 4.00 a.m) due to Maoist terror. Nepal government had cancelled all the bus services connecting Kathmandu with Nawal Parasi during night due to earlier bus attacks by Maoists).

Nawal Parasi VDC has 13 government and 10 private educational institutions including one college. About 25 non-governmental organisations are working in this area. The NGO, Sahamati, which canvassed the survey among OAP recipients in three VDCs is located in this area. The VDC consists of seven elected representatives of the Nepali Congress and two from the Communist party. The chairman and vice chairman belong to the Nepali congress. Each VDC has a permanent secretary to maintain records of beneficiaries. Excerpts from the conversation, I had with the chairman are produced below.

Q: How do you publicise or elicit or enumerate the eligible OAP beneficiaries in your VDC?

A: This is very simple. At the beginning of each fiscal year, the ward representative will identify all the eligible candidates through a visit to their homes and confirm their eligibility by checking the relevant documents.

Q: What criteria do you follow in recommending the eligible candidates for OAP?

A: In our VDC, we strictly follow the age criteria. To verify the age, we use the citizenship card issued by the Home Ministry of His Majesty. Citizenship card, among other things, gives the age of the person. If the citizenship card says the person is above 75, we recommend him/her for the allowance; otherwise we say no.

Q: According to the Directives issued by the Ministry of Local Development, VDC can also recommend a person for OAP who has no citizenship card. Do you follow the above provision?

A: No. If we do that it will create a lot of problem. Each member may recommend someone who has no citizenship card from his/her ward and it is difficult for the VDC to handle the situation. So we go by only proof of age provided by the citizenship card and not the recommendation of the VDC.

As the chairman had to leave at this point of time to inaugurate a certain function, he requested the secretary of the VDC to answer all my other queries.

Q: How many elderly persons receive OAP from this VDC?

A: 283 persons. (He maintains a register giving the names of all OAP recipients with their photographs)

Q: Is the application form free?

A: The application form is free. However, for all elderly illiterate above 75 years, we fill the form. When they come to our office, we write their name and they have to put their thumb impression. For photocopying the application and filling it in our office, we charge them two Rupees each.

Q: What are the documents the elderly should bring when they approach for OAP?

A: Two passport size photographs (one to be affixed in the VDC record book and another to be affixed on the Social Security Program Identity Card) and the photocopy of their citizenship card to prove their age.

Q: Once you recommend the pension, what happens?

A: We maintain a record with their photographs in the VDS office and issue a Social Security Program Identity Card (SSPIC) to the beneficiary.

Q: How many times you distribute the allowance annually?

A: Three times; March, June and October.

Q: Has the beneficiary to collect the money in person or could he/she authorise some one?

A: The OAP recipient has to come with the SSPIC to collect the money and to make an entry in his/her card. If we receive the information about a bedridden elderly, one of us from the VDC will visit and deliver the money at home.

Q: Do they have to renew the SSPIC?

A: Yes, once in a year. No cost involved.

Q: Have the eligibility criteria been ever changed since its inception?

A: When the OAP first announced in 1995 thorough out the country, the Government notified that all elderly above 75 would be eligible for the allowance of Rupees 100. As the response to the program was so massive, the Government found it difficult to sustain it. Unofficially, in 1997, we were directed by the Government to limit the OAP to persons above 75 who were below the poverty line. We expressed our inability to execute the amended program. The Government then withdrew the proposal and the program was applied to all elderly above 75 (entitling them to a universal flat pension).

Q: You rightly mentioned about the sustainability of the program. Are you paying the allowances regularly to the OAP beneficiaries?

A: To be frank with you, during 1995, 1996, and 1997, we could pay for all the 12 months. In 1998, we paid allowances for only eight months, as we did not get any grant from the Government for remaining four months. In 1999 and 2000, we paid for all 12 months. As Maoists disrupt most of the communication links, the Government has diverted a lot of money for reconstruction of the infrastructure and for curbing terrorism. Thus in 2001, we paid the old age allowance only for 10 months. Though we have submitted the request for a grant to the District Development Committee, they sanctioned only 80% of the required money.

Q: Do you think that in your VDC all the elderly above 75 get the allowance of Rupees 150?

A: As far as my knowledge goes, one person said that he was not interested to receive the allowance as he was a former member of parliament. Two other persons, we could not recommend, although they said they were above 75 years but the citizenship card showed that they were below 75.

**BOX B: BUDGET SPEECHES OF THE FINANCE MINISTER IN NEPAL:
WHAT DOES IT SAY ABOUT OAP?**

Mr Bharat Mohan Adhikary, Finance Minister, 1995-96

" It is the duty of the State to support senior citizens for their livelihood. Therefore, the Government has made provision of Rupees 100 per month as senior citizen allowance for those above 75 years of age in all districts" Budget Speech.

Dr Ram Sharan Mahat, Finance Minister, 1996-97

" The present coalition government is aware of the need to ensure economic and social security to the majority of the weaker, poor and deprived classes of the country providing them access to the fruits of development. In this direction, financial security programs like senior citizen allowance for those 75 years and above and helpless widow allowance for widows 60 years and above will be continued in the fiscal year. These programs were initiated some time back and will be continued in line with the financial capacity of the economy" Budget Speech.

Mr Rabindra Nath Sharma, Finance Minister, 1997-98

"The coalition government will continue social security programs initiated in the past such as senior citizen allowance and helpless widow allowance in the coming fiscal year as well. It seems appropriate from the point of view of social justice to provide such allowances to helpless, poor and deprived community of people. In doing so, information will be gathered on the genuineness of the claims of the people who are to receive such facilities. Arrangements will be made to provide such allowances through village development committees and municipalities based on the fixed criteria" Budget Speech.

Dr Ram Sharan Mahat, Finance Minister, 1998-99

" In order to provide allowances to the target groups like senior citizens, helpless widows and handicapped persons, the distribution of allowances under the social security system will be improved. Instead of separately releasing the allowance on an ad-hoc basis, the VDCs and municipalities will be provided the amount in one single instalment from the coming fiscal year along with the release of the village development and self-reliant grants. The VDCs and Municipalities will form an all party committee to distribute the allowances so as to ensure that the allowances are distributed to the target group and no one is deprived of such allowance" Budget Speech.

Mr Makesh Acharya, Finance Minister, 1999-2000

" To honour the International Year of the Elderly, I have proposed an increase in the allowance to Rupees 150 from Rupees 100 being provided to senior citizens above the age of 75, widows and helpless people. However to ensure transparency of the users of

the such fund, names and description of the recipients of allowances and details of expenditure should be made public" Budget Speech.

Mr Makesh Acharya, Finance Minister, 2000-01

"In pursuance of the declared policy of providing cost-free service to helpless and old people, the Government will bring about improvement in the health care of the old and disabled persons" Budget Speech.

Dr Ram Sharan Mahat, Finance Minister, 2001-02

" A grant will be provided to older persons, disabled, widowed, blind, handicapped thorough local authorities. The budget is increased by 9.4 percent and allocation is 580 Million Rupees" Budget Speech.

BOX C: SOCIAL SECURITY VS SECURITY IN NEPAL

On 26th December 1994, Man Mohan Adhikari, the then Prime Minister of Nepal, coalition Government of United Marxists and Leninists, announced the Oldage Allowance Program (OAP) which was first implemented in five districts of the five development regions on a pilot basis; the allowances were first distributed on 2 July 1995 and extended throughout the country since 1995-96. The program has now completed seven years. By a strange coincidence, The Maoist rebels in Nepal first came into limelight in 1996 and last month, they celebrated their sixth anniversary. During the last six years, they attacked many communication installations in the country and consequently the Government has had to divert large budgetary resources to defence and the maintenance of law and order. In the process, social services, specially the OAP suffered most (See BOX A); For instance, during 2001, OAP was paid to the vulnerable and poor elderly for periods ranging from 8 months to 12 months; most of the respondents in our sample have reported that they have not received the allowances regularly. In this context, let us have a close look at the pattern of government expenditure on certain key sectors during 1995-96 and 2001-2002 like defence and social services etc. (Table C1).

Table C1: Profiles of Government Expenditure, 1995-96 to 2001-2002
(in Millions)

Heads of Expenditure	1995-96	Percent	2001-2002	Per cent	Growth rate
Economic services	21558	41.54	33419	33.52	6.26
Social Services	16291	31.39	32291	32.39	9.77
Loan repayment	6849	13.20	14114	14.16	10.33
Administration	2505	4.83	9769	9.80	19.44
Defence	2158	4.16	4521	4.54	10.57
Constitutional organs	229	0.44	1287	1.29	24.65
Miscellaneous	2304	4.44	4285	4.30	8.87
Total	51895	100.00	99687	100.00	9.33

Note: From the budget papers of the Ministry of Finance, Khatmandu, Nepal

The highest growth rate of expenditure is observed in the case of constitutional organs (mostly protecting His Majesty and the Royal family from Maoists). There has been a similar growth on expenditure on defence. As matter of fact, its growth rate is higher than that of expenditure on social and economic services. Expenditure on administration also has gone up over the years. In the Table C2, we present a comparison of the expenditures on national security and social security and services. Before we conclude, it may be pointed out that right now the country is under a state of emergency in view of the rapidly growing Maoist threat.

Table C2: Expenditure on Social Services and Security in Nepal.**(in Millions)**

Items	1995-96	2001-2002	Growth rate
Police	1852	5795	16.30
Defence	2158	4523	10.57
Education	6875	13932	10.09
Water supply	1998	4004	9.93
Health	2462	3229	3.86

Appendix I: Oldage Allowance Beneficiaries by Age, 2001-2002

Age Group	Ward No 34 in Khatmandu		Gurudaket VDC in Nepal	
	Male	Female	Male	Female
76	7	3	20	18
77	0	3	15	10
78	2	2	7	5
79	15	18	14	10
80	8	14	15	3
81	1	9	12	9
82	4	7	12	2
83	1	5	9	14
84	3	7	11	11
85	2	2	6	9
86	5	6	6	11
87	4	2	3	7
88	3	0	5	6
89	0	0	3	4
90	0	1	2	4
91	2	3	3	3
92	0	2	1	4
93	0	12	0	1
94	0	1	0	0
95	0	1	1	1
96	0	1	2	0
97	0	0	0	0
98	0	0	0	1
99	0	0	2	1
Total	57	90	149	134

Note: Unpublished data compiled from the ward office and village development committee in Nepal.