

► Extending social protection for all in Nepal

An analysis of protection gaps

Social protection in Nepal



There are more than **70 social security programmes** in operation in Nepal implemented by several ministries and government agencies.

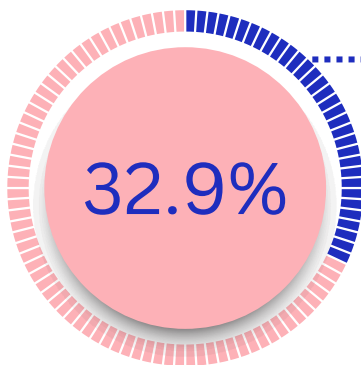
Expenditure



NPR 210 Billion

The total expenditure on social protection programmes in the Fiscal Year (FY) 2020-21

Coverage



32.9% of the population was covered by at least one social security benefit in FY 2020-2021

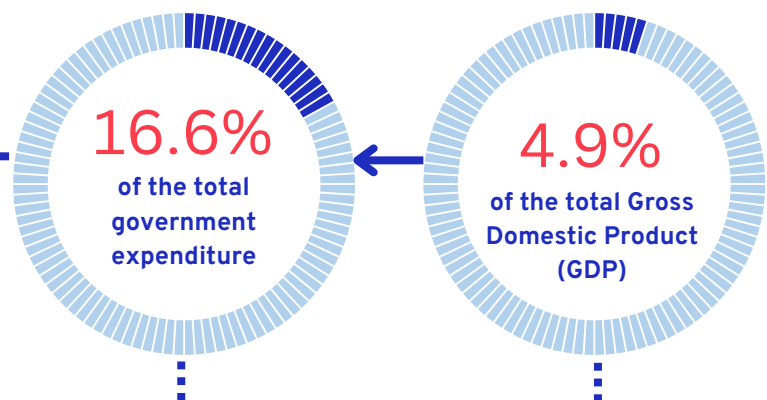
16% In-kind
16.9% Income support



32.1% of men have access to at least one social protection cash or in-kind benefit in Nepal



33.7% of women have access to at least one social protection cash or in-kind benefit in Nepal



Almost half of the total government expenditure is concentrated in public sector pensions, which amount to 2.1% of the GDP



Coverage



65.7%

of children between the ages 0-14 are covered by at least one social protection benefit



When considering only income support, the coverage for children drops to 13.7%



Most of the coverage is driven by in-kind support, particularly school meals and scholarships



9.9%

of the total population between the ages 15-59 have access to either income support, in-kind benefits or Active Labour Market Policies (ALMPs)



0.81%

of women giving birth have access to maternity protection



31.7%

of persons with disability are covered by some form of social protection plan



3.4%

of people in the labour force have protection in the case of employment injury and sickness



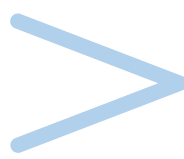
19.7%

of the unemployed population currently receive some form of unemployment benefit



80.2%

of the total population over the age of 60 benefited from at least one social security scheme



This is higher than the global average of 77.5% and regional average of 73.5%



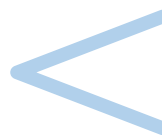
Towards universal health care



Only

17.7%

of the population is affiliated with a social health protection scheme



This is significantly below regional and global averages at 65.1% and 66% respectively

▶ People without social protection in Nepal



About **20.1 Million** Nepalis remain without social protection

• This includes 16.9 million people of working age



When measuring social protection coverage as per the Sustainable Development Goals (SDG) Indicator 1.3.1, only 16.9% of the population in Nepal have access to any social protection.



Protection against covariate shocks, such as natural disasters, and climate or economy-related shocks, is still very limited and depends on humanitarian mechanisms to protect the population.

Policy recommendations



Social protection for children and families

Increasing coverage of income support programmes for children, particularly by expanding the Child Grant under the Social Security Allowance (SSA) to all children, is essential to facilitate access to essential goods and services that allow their full development to achieve their potential.

Increasing investment in social protection for children will yield short and long-term gains in terms of development and poverty reduction for Nepal and should be at the top of the country's development agenda.



Social protection for men and women of working age

The maternity protection scheme offered by the Social Security Fund (SSF) should fully substitute the employer liability obligations, making the full 14 weeks of maternity protection covered by social insurance.

About one-third of persons living with disabilities have access to at least one social protection benefit, but the adequacy of the support and issues on the identification of beneficiaries must be addressed to improve the protection of the group.

While coverage of the working age is mainly through non-contributory schemes, the extension of the social insurance schemes under the SSF is the most sustainable and feasible path to offer all workers and their families in accessing comprehensive social security. This should include accelerating the extension of SSF's coverage by improving communications and implementing reforms to the schemes to better suit the needs and priorities of workers and employers while extending the legal and effective coverage of contributory schemes to workers in informal arrangements.



Social protection for older men and women

The introduction of contributory old-age pensions through the SSF can further help close the coverage gaps and ease the need for tax-financed SSA pensions in the future. Coordination between the SSF and SSA pensions is essential to ensure benefit adequacy and ensuring long-term fiscal sustainability of social protection systems.

The existing defined contribution pensions and lump sum payments do not offer predictable income security to workers. The gradual reform towards a more predictable and equitable pension system should be explored.



Towards universal health care

Expanding coverage of health insurance schemes should be accompanied by the removal of spending ceiling to ensure adequate financial protection against health risks and to prevent catastrophic health expenditures borne by individuals or households.

Coordination between the Health Insurance Board (HIB) and the SSF institutions is essential and must be pursued to leverage their strengths, ensure complementarity, and reduce uncertainty and duplications between programmes. Integration also broadens the risk pool and fosters cross-subsidization between all segments of society, especially when the SSF will expand schemes to workers in the informal sector.

The HIB and SSF should coordinate with the Ministry of Health and Population for strengthening the healthcare workforce and health service delivery which would involve setting up service quality monitoring mechanisms for healthcare providers. This would promote reasonable cost and quality of care, encourage efficient management of both public and private providers, and a user-friendly administrative system.