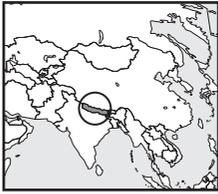


■ NEPAL

Social injustice and exclusion



Rural Reconstruction Nepal
Prajeena Karmacharya
Dr. Sarba Raj Khadka¹

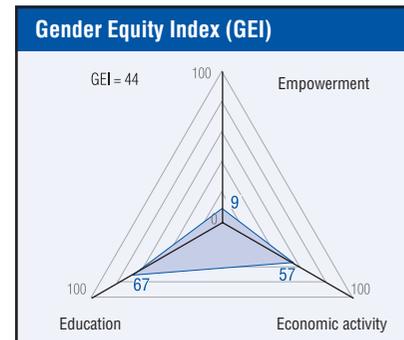
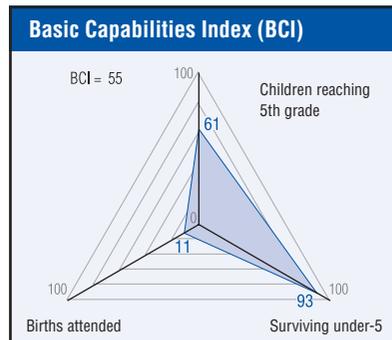
Despite more than five decades of planned development initiatives in Nepal, key issues directly related to social security remain unresolved, neglected and often even exacerbated. Many of the 'development strategies' adopted throughout these years have been hastily implemented ad hoc measures based on a combination of models derived either from other country experiences or simply from the standardized recipes of the International Monetary Fund (IMF) and World Bank (RRN and CECI, 2007).

Throughout the country, discriminatory practices rooted in traditions are mainly based on caste, ethnicity, class and gender. As a result, *Dalits* (members of the 'untouchable' caste), *Janajati* (indigenous nationalities), the poor and women are deprived of opportunities to meet their basic needs of food, shelter, education and health services. These discriminatory practices are more prevalent in rural and remote areas where unequal power relations, unequal distribution of land and income and a lack of basic facilities are common (ESCR Sub-Committee/HRTMCC, 2007).

Nepal is classified as a least developed country and is ranked 138th on the Human Development Index (UNDP, 2006). About 31% of the population lives below the national poverty line. Poverty cuts across all caste and ethnic groups, although most of the poor belong to either the *Dalit* and/or ethnic minority communities; the poverty incidence among *Dalit* and ethnic minority communities as a whole is above 40% (UNDP, 2006). Meanwhile, discrimination based on the patriarchal structure has stripped the majority of women of their human rights, and they are the most underprivileged even amongst the marginalized caste and class groups. Inequality in the distribution of wealth and income also contributes to socioeconomic insecurity. The poorest 20% of the population enjoys only 6% of the total income, while the wealthiest 20% enjoys 54.6%.

Nepal is currently a state party to 20 UN and seven International Labour Organization (ILO) con-

Only workers employed in the public sector are covered by the public pension system, and this group comprises only 4% of the population. There is no social security system for health established by the state, and the situation is particularly alarming regarding children. All this highlights the need to promote social security funds in various sectors, with the involvement of local bodies to ensure that development plans meet local needs.



ventions, including the UN Covenant on Economic, Social and Cultural Rights. Despite these commitments, the country suffers heavily from almost all the striking features of underdevelopment – such as rampant poverty, unequal distribution of, access to and control over power, resources and opportunities, social injustice and exclusion, exploitation, and discrimination – which have persisted for decades and by nature are deep rooted and complex.

Government spending on the social sector has remained extremely weak. Current public expenditure in health and education, a major portion of which is channelled to recurrent expenditures, is a mere 1.5% and 3.4% of GDP, respectively (UNDP, 2006).

Social security status and trends

The impact of privatization

Industrialization in Nepal was initially state-led, but in an attempt to globalize the national economy, the trade, investment, foreign exchange, financial and industrial sectors were deregulated, de-licensed and subsequently privatized. Although the IMF and the World Bank imposed structural adjustment policies in the 1980s, economic liberalization actually began in 1992. As a part of the development of the private sector, the government drew up the Privatization Act (1994), which led to the privatization of 17 out of 47 public enterprises. Of the 17 enterprises privatized, four have already closed down.

The privatization of basic services such as water, education and health has further increased inequality by decreasing both the quantity and quality of public health and education services. The so-called Melamchi Project—a major multilateral project to improve water supply to the Kathmandu valley

– is being funded by many donors, including the Asian Development Bank, which is insisting on the privatization of the management of the state-owned Nepal Water Supply Corporation as a precondition to release its loans.

Furthermore, unlike public sector workers, many employees in the private sector are completely excluded from any formal social security system. At most, half a million out of the country's total of 11.2 million workers (barely 4% of the labour force) are under some sort of formal social security coverage.

Informal sector unprotected

The extraordinarily low rate of formal social security coverage highlights the need to promote social security funds in various sectors, with the involvement of local bodies like the District Development Committees and Village Development Committees, particularly for the large masses of the population who work in the informal and agricultural sectors (Upadhyaya, 2007).

Most workers in the informal sector are engaged in semi-skilled and low-paid jobs (Pandey, 2005, p. 101). People working in the informal sectors of transportation (such as rickshaw pulling), portering, hotel services, factory and industry services and agriculture are the least protected against unpredictable circumstances. A variety of labour contracts and piece-rate payment systems that are particularly prevalent in the private sector informal economy severely undermine the concept of social security for wage earners. There are also fewer and fewer opportunities for employment on a regular basis. The proportion of enterprises that employ contract workers in small numbers has grown from 54% to 61% (ESCR Sub-Committee/HRTMCC,

¹ Rural Reconstruction Nepal (RRN) focal persons for Social Watch. They can be contacted at: RRN, GPO box 8130, Kathmandu, Nepal. Tel: (977 1) 4415418; fax: (977 1) 4418296; e-mail: prajeena@rrn.org.np, sarba@rrn.org.np, rrn@rrn.org.np

2007). Women are again the most likely to be victimized, as there is no protection mechanism in the informal sector, and they are typically paid lower wages for the same types of work as their male counterparts.

Public health services neither sufficient nor reachable

The average health status of the Nepalese people is one of the lowest in the South Asian region. Per capita public expenditure in health is extremely low, roughly USD 2 a year (NPC and MOPE, 2003). The rate of infant mortality was 61 deaths per 1,000 live births in 2005, while the maternal mortality ratio was estimated at 415 deaths per 100,000 live births in 2002 (NPC and UN, 2005). Five to six thousand people die annually from tuberculosis and other waterborne diseases. The poor, *Dalits* and women in particular have difficulty accessing public health facilities due to their perceived 'lower status' in society (RRN and CECI, 2007).

The public health system is very weak, particularly in remote areas, while health services in the urban centres are highly commercialized. In most places where public health services are offered, they are barely functional due to the unavailability of trained human resources, essential medicines and/or treatment facilities. Only 13% of village health posts have electricity and only 29% have residential quarters for health professionals. Thus, health care infrastructures are neither sufficient nor reachable by people living in remote areas (ESCR Sub-Committee/HRTMCC, 2007).

Until now, there has been no social security system for health established by the state. Those who use health care services are obliged to pay medical bills irrespective of their economic status. The government lacks any provisions to insure medical services for the poor.

Alarming situation of children

Although the government has ratified the UN Convention on the Rights of the Child, the provisions made in the country's laws and the government's policies are inadequate to ensure the rights of children and youth. The situation is particularly alarming with regard to children. In the first six months of 2004 alone, the Nepalese organization CWIN collected 10,247 cases of child labour exploitation, child deaths, missing children, child abuse, child marriage, child sex abuse, child trafficking, forced prostitution, children in conflict and juvenile delinquency, and stressed that the reported cases represent only a very small fraction of the true magnitude of the problems faced by the country's children (CWIN, 2004). For the first time in history, the newly promulgated Interim Constitution of 2007 has enshrined the rights of the child in the list of fundamental human rights, but no steps have been taken as yet for the operationalization of this commitment.

In 2003, the government pledged to provide 'education for all' as part of its Millennium Development Goals (MDGs) commitments, stating that by 2015, every child between the ages of six and ten would have access to free and good-quality primary

education irrespective of gender, ethnicity, religion, disability and geographic location. Until now, however, there is no sign of steps being taken towards developing the necessary infrastructure and system to ensure that the MDG target can be met in another eight years. Moreover, there are still roughly one million child labourers in Nepal who do not go to school (The Kathmandu Post, 2007). For its part, the Central Bureau of Statistics reports that a large number of children are out of school owing to the decade-long conflict between the state and Maoists that displaced over 100,000 families. The growth of school systems has been uneven and insufficient, as 8.6% of households, particularly in remote rural areas, still do not have access to primary schooling within a walking distance of half an hour, which is the national average. As a result, education and literacy programmes hardly reach the poorest sectors of the population (CBS, 2001).

Lack of pensions makes the elderly a burden

The population of Nepal is considered young, as about 39% of its total population is under 15 years of age and only 4.2% is above 65 years of age (CBS, 2001). However, aging is still viewed as a problem in Nepalese society. Elderly people are considered a burden for the family, since they cannot engage in gainful employment and the family has to take care of them. Only workers employed in the public sector are covered by the public pension system, and this group comprises only 4% of the total population. The pension is provided to employees who have worked for at least 20 years in a formal government institution (ESCR Sub-Committee/HRTMCC, 2007).

Conclusions and recommendations

Nepal has suffered not only from a decade-long violent conflict, but also from structural violence and pervasive marginalization of certain caste and ethnic groups, women, and people living in certain geographic regions. The planning process in Nepal is highly centralized, and there is often a mismatch between local level needs and national level planning processes. In order to make programmes more consistent with local needs and priorities, there is a need to link local necessities with national development plans (Manandhar cited in World Bank *et al.*, 2002). There is no real devolution of authority, power and/or resources to local levels, which makes bottom-up planning extremely difficult. Fundamental changes must be made not only in the content of development plans but also in approaches to plan formulation and programme implementation, so that people's basic needs can be better addressed. The imbalance of authority and responsibility between the local and central government has made local government heavily dependent upon the centre, and this has resulted in underdevelopment of grassroots communities, particularly those subjected to continuous marginalization, exclusion and violence in different forms (Bhattachan and Mishra, 1997).

To narrow the gaps between national policies and local practices and yield proper social security systems for the needy, the following points need to be taken into consideration.

- The government must practice an effective bottom-up approach of governance to ensure that marginalized and disenfranchised groups have access to resources and are involved in the decision-making process at all levels. The centralized planning system in Nepal needs to be decentralized and should be in tune with local needs.
- The government should take special steps in considering an appropriate model of equality, bringing marginalized and excluded communities into the mainstream of political, economic, social and cultural life.
- Laws on the minimum wage and an employment policy should be enacted and enforced. There should be equal pay for men and women for work of equal value.
- Subsidies and reservation policies for marginalized groups should be designed and implemented within a set timeline.
- Effective mechanisms that ensure the rights to equal employment opportunities, equal pay for work of equal value, social protection and benefits should be guaranteed for every woman and man.
- Local bodies, non-government organizations and trade unions should be promoted and encouraged to work towards the attainment of social security.
- An effective social security scheme should be legally ensured for all informal and formal sector workers.
- A minimum wage adequate to meet the daily needs of employees and their families needs to be fixed, taking into consideration the existing inflation rate. The wage rate should be reviewed periodically and a wage index must be prepared separately for different sectors.
- A policy should be introduced to guarantee a safe and secure home for poor families to realize their rights to secure housing.
- Policies on clean drinking water and sanitation facilities for all should be formulated and enforced.
- Knowledge and information on every aspect of an adequate standard of living must be developed through documentation and proper dissemination among state agencies and other stakeholders working in this sector.
- The government must ensure effective implementation of the National Policy on internally displaced people (IDPs) without any discrimination.
- A strategic plan should be developed and implemented for the safe and dignified return, rehabilitation, reintegration, reconciliation, and survival of all conflict-induced IDPs.

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Morocco has no overall system for combating unemployment, and an analysis of the employment measures in place shows they are highly unsatisfactory. Since 1993, only 29,000 people have participated in work experience programmes, and the so-called 'action-employment' scheme has performed no better. Only 66,000 young professionals entered the labour market during this period (Ministry of Employment, 2006).

In the new labour code some changes were made to labour regulations (the minimum period to approve the closure of a factory, the setting of indemnity rates, etc.) but in real terms the prevailing legislation in this field is frail because many categories of employees are not covered and most enterprises ignore the law when drawing up temporary contracts, granting vacation time, or when a factory partially or completely closes down. To make matters worse, the official bodies in charge of enforcing current legislation do not have the means to do their job effectively.

In the informal sector, which accounts for 20.3% of jobs in the country, there is even less protection. Some 12.4% of the production units in the informal economy are run by women, and only 2% of workers in this sector are contracted employees. Nearly half the production units (46.8%) ignore labour regulations, and 61% pay wages that are below the official minimum salary (Department of Economic Security and Planning, 2003).

Challenges and the future of social protection

The country's largest social protection scheme depends on the National Social Security Fund. Many enterprises have managed to stay outside the system and are unregistered. More than 67% of members are micro-enterprises with five or less employees, and only 38% of registered businesses work for 12 months of the year. Social security contributions from private sector enterprises in the National Fund regime amount to only 1.6% of the wealth produced in the country (Centre Marocain de Conjoncture, 2003). It is difficult for the system to make headway in rural areas and among self-employed workers. The Fund is hindered in its operations because benefits are paltry and wages are low, and quite apart from that it does not have an image of efficiency. Therefore it is important to improve the governance of the system, not only as regards democratic processes in the political sphere but also in the institutions that make up the social security system, since this is where many of the day-to-day decisions are made.

The question of social protection goes beyond the role of the state and public institutions; it involves all the components of society. The 'social question' should be taken into account by all the actors involved, and the necessary conditions for excluded sectors of the population to be reinserted should be created. Civil society must intervene more actively, and indeed it is clear that a new generation of

non-governmental actors are emerging in Morocco. Relations between civil society organizations and the state are evolving and mutual distrust is now giving way to the recognition that some kind of synergy is possible. However, there are still obstacles to be overcome before civil society can be fully involved in strategic alliances for development. What is needed is a political and legal framework that is more favourable to increased autonomy for NGOs, and greater participation on the part of these organizations in the process of designing, implementing and evaluating decisions that can have an effect on the most disadvantaged sectors of the population. ■

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- The basic necessities of food, clothing, shelter, education, security and health services need to be delivered urgently with a long-term focus on sustainable livelihoods. ■

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Other significant factors include the subjectively perceived need for a provision and the anticipated transaction costs. A certain degree of non-take-up appears to be inherent in provisions: people decide not to submit a claim because the process is too complex, especially where the amount they stand to receive is small and they feel that they can manage financially without the benefit. As long as entitlements to a given grant or benefit continue to be dependent on the claimant's income and assets, and the initiative for take-up of provisions is left with the client, non-take-up appears to some extent to be inevitable. Transferring a minimum amount to identified clients' accounts could reduce non-take-up (Hoff and Schut, 2007). At the same time, greater emphasis obviously needs to be placed on informing people of their rights. ■

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