

Assessment of the use of Study Social Security Allowances

(A field survey report)

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1. Background

Nepal first time in its history introduced the concept of Social Security Allowances (SSA) in 2051/52 Fiscal Year (FY). The government through its FY 2051/52 (1995/1996) budget speech announced SSA scheme to benefit every senior citizen above 75 years of age with NRs 100 in a month through the concern Village Development Committee (VDC) and Municipality. Mechanism of door to door visit was made to identify the targeted citizen and deliver their SSA. In continuation with such practices the government started to support SSA the helpless widow above age 60 years and a maximum of 50 disabled individuals in a district, from the next FY. By this the government had initiated social security scheme paying the fixed amount of cash support in three categories of the citizens; i) old aged; ii) helpless widows; and iii) disable. Ministry of Local Development (MoLD) as the coordinating ministry in center, authorized to plan annual budget for social security and request to the Ministry of Finance (MoF). Fund flow mechanism was made to channelize the budget through the Local Bodies (District Development Committee, Municipality and Village development Committee). DDC manage to provide Identity Card (ID) to each of the eligible candidates through VDC so that he/she can get allowances easily in their easiest locations. Such social security allowance was raised to Rs 500 1000/person/month in the FY 2064/65 based on age, sex, area, and community. For this purpose, the country is allocating nearly 4.4 billion rupees from its' treasury annually.

Institute of Local Governance Studies (Inlogos) under the financial support of the United Nations Development Programme (UNDP and the coordination of the MoLD carried out an assessment of Village Development Committee Governance with special reference to the Block Grant (BG) in 2065. In the process the study team also tries to assess the status of social security allowance distribution, as Inlogos was interested to know its status that could best be support in designing service delivery functions. Therefore interrogative information on SSA was collected (December 2008 to January 2009) from the benefitted people using some formatted questionnaire. This report is prepared based on the information collected in the process. Most probably, this is the first report of its kind in Nepal. The report is expected to be useful for the Government of Nepal (GoN), MoLD, External Development Partners (EDPs), LBs, I/NGOs, each of the concern stakeholders and the people in general.

2. Objectives

Following are main objective of this study:

- ? To assess the process of social allowance distribution and its utilization,
- ? To receive the beneficiaries' comments and suggestion for its effectiveness.

3. Methodology

A total 202 VDCs from the 25 districts (70 VDCs from the 7 terai districts, 96 VDCs from the 12 Mid-hill districts and 36 VDCs from the 6 High-hill districts) were selected as sample for the study. One sample was taken randomly from each of the sample VDCs representing from senior citizens, disables and widows. By this process 202 samples were selected and the citizens were interviewed using the structured questionnaire. The set of questionnaire containing 10 main question and 32 subsidiary questions were used in collecting information. This report is prepared based on those primary data.

4. Findings

Questions were the same to all. Among the total respondent 64 percent were the senior citizens, 31 percent were windows and 5 percent were the disabled. Details are given on table 1, below.

S.N.	Geographical area	Sr. Citizen	Single women/ windows	Physically disabled	Total
1	High-hills	54.3	37.1	8.6	100
2	Mid-hill	67.3	25.5	7.1	100
3	Terai/Plain	64.8	35.2	0	100
	Total	64.2	30.5	5.3	100

The main findings of the assessment are summarized as below:

The responded were asked on how much money they are receiving in month. The available information indicates that almost all (93.4%) of the respondents are receiving Rs 100-300 in a month i.e. 1200 to 3600 in a year. But, some of them (3.1%) reported receiving 500 to 1000 and above in a year. This means they either have getting additional money from the LBs or majority of the districts are not receiving full payment of social security fund. However, the respondents in terai/plain reported that they are receiving additional allowance from their respective VDCs and DDCs. On the other hand, 1.9 percent respondents in total and 5.7% in the high hills can't answer on how much money they are receiving (Table 2).

S.N.	Geographical area	Rs. 100-300	301-500	501-1000	1000 above	not know	Total
1	High-hills	94.3	0		0	5.7	100
2	Mid-hills	96.9	2	1.1	0	0	100
3	Terai/plain	90.7	3.7	0	2	1.9	100
	Total	93.4	2.1	1.1	2.0	1.6	100

More than 53% of the responded reported that they were not receiving allowance for the full months in year. Among the total 20.3% respondent reported getting allowance for only six months. However, it was found that more people in high hills and mid-hills are getting 12 month's allowance than in terai/plain (Table 3).

S. N.	Geographical area	6 month or less	9 month	10 to 11 month	12 month	Total
1	High hills	5.7	31.4	11.4	51.4	100
2	Mid-hill	23.5	20.4	6.1	50.00	100
3	Terai/plain	24.1	16.7	22.2	37	100
	Total	20.3	21.4	11.8	46.5	100

Majority of the respondents (52.9%) reported that they are getting social security allowance in 3 installments but nearly 2 percent of them expressed their dissatisfaction in distributing SSA and reported they are provided money in a single installment in lumpsum basis and that is not in full payment. They reported that the VDC used to deduct their allowance at source. Accordingly, 37.4% of the respondent reported getting their allowance in 2 installments (Table 4). This figure indicates that the allocated fund is not fully delivered to the targeted people. There could be two major reasons behind this, i.e. either the government is not releasing the entire allocated budget or there is some mismanagement at the local level.

S.N.	Geographical area	III	II	I	Lumpsum (amount deducted)	Total
1	High hills	60	25.7	11.4	2.9	100
2	Mid-hills	49	41.8	9.2	0	100
3	Terai/plain	55.6	37	3.7	3.7	100
	Total	52.9	37.4	8.0	1.6	100

Method of payment was the other concern of the researchers to assess the status of money access to the targeted people. The findings showed that more than 40 percent VDCs are paying the SSA in the VDC office (Table 5). But, 29 percent of the VDC Secretaries are made

door to door visit to the targeted people and paying them cash in person. Such a practice was appreciated by the targeted people especially the senior citizens. On the other hand, around 20 percent of the sample respondents reported that their family members are receiving the money from VDC. Some of the VDCs were paying this money through the relatives, neighbors and good wishers of the targeted people who visit VDC office.

S. N.	Geographical area	Paid at VDC office	Delivered by VDC secretary at home	Paid to the family member	Others	Total
1	High hills	22.9	37.1	20	20	100
2	Mid-hills	32.7	34.7	28.6	4.1	100
3	Terai/plain	64.8	16.7	3.7	14.8	100
	Total	40.1	29.00	19.8	10.2	100

Majority of the respondents were not facing significant difficulties in getting their money from VDC, whereas 7.5 percent of them reported difficulties in getting money. Among the total sample respondents 55.1 percent reported it is easy to get money and 37.4 percent reported so so (Table 6) i.e. it is neither difficult nor so much easy. Available information on easy access to money shows that the high hills people are better off than the others.

S. N.	Geographical area	Easy	Difficult	So/So	Total
1	High hills	62.9	5.7	31.4	100
2	Mid-hills	51.0	5.1	43.9	100
3	Terai/plain	57.4	13	29.6	100
	Total	55.1	7.5	37.4	100

It is found that most of the SSA received by the targeted people is being used by them. Only 25.7 percent of the sample respondent reported that they are using this money for the household affairs. The persons who do not have earning members in their family and they also not have other source of income in general are spending the SSA in their household affairs. It was found interesting that the people are health conscious and using a significant part of SSA in their personal health care. Some others (7.2%) were using the money in religious functions and 13.6 percent are using this money for their clothing (table 7). Anyway, it is in a good faith that the money received by the targeted people is used properly and the receivers are happy.

S. N.	Geographical area	Household affair	Own health care	Religious work	Own Food	Own Clothing	Others	Total
1	High hills	39.5	20.9	7	20.9	11.6	0	100
2	Mid-hills	30.7	21.2	5.8	24.1	13.9	4.4	100
3	Terai/plain	10.6	29.4	9.4	31.8	14.1	4.7	100
	Total	25.7	23.8	7.2	26	13.6	3.8	100

In line with the answers received above only 23.4 percent of the sample respondents were giving their money to their son and daughter in law for their family use. This money is spent by their family members for their interest. Available information showed that majority of the sample respondents (58.4%) are spending this money for their own uses. However, some of them (3.3%) were giving the money directly or indirectly to their daughter and 9.6 percent were using it for their grand children (Table 8).

S. N.	Geographical area	Family use through Son and daughter in law	Own use	Expenses for daughter	Expense for grand children	Others	Total
1	High hills	22.2	55.6	2.8	5.6	13.9	100
2	Mid-hills	29.9	55.1	4.7	6.5	3.7	100
3	Terai/plain	13.6	65.2	4.5	16.7	3	100
	Total	23.4	58.4	3.3	9.6	5.3	100

Some of the sample respondents reported that a part of SSA is saved by them for their unforeseen expenses. But, this amount is not significant.

Most of the answers were positive and affirmative. Many people answered SSA scheme have become boon and blessing to the society. Especially economically weak, neglected from the family, senior citizen, single women and disable have more utility value of the money received by them. Old aged especially women feel safe. Most of the receivers have become proud for being self sustained and live with dignity in their society. But, they do not miss to suggest for the continuation of this programme with developing better monitoring and assurance mechanism.

5. Key Recommendations

- ? This programme is being implemented based on a simple operational guideline. But the guideline is not sufficient to address the issues and concerns of SSA. It is in a good faith to the date as the people are positive and conscious on this programme otherwise it could be very difficult to manage and monitor the large number of benefitting people (about one million) and a junk of money (more than 4 billion rupees) being distributed from the government treasury. So that it is felt necessary to develop new Social Security Act and regulate SSA accordingly.
- ? It is mandatory to distribute social security allowance in a trimester basis (Clause 8-B of the guideline) but the findings showed that only 53% of the beneficiaries reported this clause intact. This means 47% of the targeted people are not regularly paid. So it is highly recommended that there should be an inbuilt monitoring mechanism to ensure the timely release of fund and receive by the targeted people.
- ? Make assure to the banks and financial institutions to pay allowances as pension. Allowance distribution certificate or identity card (ID) is to standardize so that the bank/financial institution could also pay them.
- ? The MoLD sources showed that the expenses of social security allowance in FY 2065/66 was 4.4 billion rupees. Beneficiary included are: 545,560 senior citizens (above 70 years of age), 81,820 Senior citizen belonging to *dalits*, 16,065 senior citizens in Karnali, 296,231 single women (widow), 16,122 depleting (*loponmukh*) communities, 15,035 seriously disabled and 6,875 minor disabled. However, 977,694 are benefitted / supposed to benefit from this programme. It should be the responsibility of the ration to monitor, assess and develop feed-back mechanism for such a heavy investment. It is also recommended to have a periodic evaluation of the programme and carry out action research and social impact studies.
- ? The concern authorities may assess further and pay attention to address the issues. It is recommended to make a comprehensive study in this sector and develop mechanism for further improvement.

Reference materials

- ? Local self Governance Act 2055,
- ? Social security program operational guideline (with amendment)