



Nepal's Child Grant – how is it working for Dalit families?

Briefing Paper

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Key messages

- Recipient households are using the Child Grant effectively to contribute to expenditure on food, medicine and more. However, the value of the Grant is too low to have a stronger impact on beneficiary households and should be increased.
- The Grant largely seems to reach its target population, despite weak application of the wealth targeting criterion.
- Challenges identified in the management of registration and delivery of the Grant suggest a need to provide more support and training to local officials implementing the Grant.
- Registration and delivery need to be improved to reduce the costs for beneficiaries and to make the most of the critical window of opportunity that exists in children's early years.
- Awareness-raising strategies need to be improved and broadened out to include fathers and in-laws who influence how the Grant is spent.



Social protection has become an increasingly prominent public policy tool in Nepal over the past two decades. Since the insurgency's end in 2006, the government, with the support of development partners, has explicitly integrated social protection programming into its broader post-conflict development and reconstruction agenda (Holmes and Uphadya, 2009; Koehler, 2011). This study analyses the effects and effectiveness of delivery of the Child Grant in order to identify barriers to effective programme delivery and impact.

The Child Grant is a key intervention in the Nepali government's draft National Framework for Social Protection (Rabi et al., 2015). This transfer for households with children under the age of five is universal in the Karnali zone and targeted at poor Dalit households in the rest of the country. The transfer targets Dalit households – which account for about 12% of the population – because they have faced long-standing poverty, discrimination and marginalisation. Caste discrimination has been outlawed since the 1950s, but Dalits continue to face obstacles in participating in the overall political system as well as in accessing government services, resources and opportunities (UNDP, 2009).

Box 1: The Child Grant

The Child Grant was introduced in 2009 and covers about 20% of the population of children aged under five. Its objective is to improve the nutrition of children.

The transfer covers up to two children per household, with a transfer level of NRS 200 (\$1.95) per child per month, paid three times a year. Dalit households are eligible for up to two children under the age of five, if they meet the wealth criterion, which is based on food security and land ownership. Birth registration is a registration requirement.

The Ministry of Federal Affairs and Local Development oversees the Grant (MoFALD), with local officials at the Village Development Committee (VDC) office responsible for registration and delivery.

Initial studies of the Grant have focused on implementation, sensitisation and birth registration (UNICEF, 2010; UNICEF, n.d.). Two studies have analysed impacts, both with a focus on Karnali zone (Adhikari et al., 2014; Okubo et al., 2014). However, no studies so far have considered the impacts on *Dalit* households in the rest of the country. Apart from looking at impacts on children and other household members, we also provide an in-depth analysis of all stages of implementation.

Research methods

This is a case study; the research is not intended to be representative of Nepal. That said, we believe our findings have relevance to policymakers and implementers interested in other parts of the country (or the country as a whole). We selected two districts with a high share of Dalit households compared with the national average: Bajura (25% Dalit population), in the Far-Western Mountains, and Saptari (23% Dalit population), in the Eastern Terai (Figure 1). We chose the two districts because of variations in geography, livelihoods and food security, to be able to identify structural factors that might mediate impacts and implementation.

Figure 1: Location of the study districts



The analysis is based on mixed-methods research conducted in late 2014/early 2015, using a survey of 2,000 Dalit households and more than 70 in-depth interviews with beneficiaries and non-beneficiaries (including some with non-Dalits), focus group discussions and key informant interviews. We use a quasi-experimental impact evaluation design to assess impacts on economic wellbeing, food security, nutrition and empowerment (propensity score matching), comparing beneficiaries with both Dalit non-beneficiaries who are eligible for the Grant and Dalit beneficiaries who have children aged five to nine and never received the Grant.

Main findings

Good general awareness of the Grant but confusion on the registration process

General awareness of the Grant is high: 98% of respondents, including non-beneficiaries, had heard of it. Most first heard of it via the VDC office, but this was not always the case: for instance, in Saptari a third of the respondents first heard of it from relatives. The qualitative interviews showed many of the dissemination channels were informal in nature, with some operating in an almost arbitrary manner, meaning there are no guarantees that all eligible households will learn about the policy. Awareness of the Grant – how it works and its

intended objectives – is particularly low among fathers and ‘other relatives’.

More specific information on how the registration process officially works is much more poorly understood. For example, 50% of the sample thought they could apply for the Grant at any time of the year, when in fact there is a registration period once a year in November. The qualitative data also revealed confusion about the difference between *registration for the Grant* and *birth registration*. Most respondents were under the impression they automatically received the Grant if they obtained a birth certificate for their child. This confusion seems to be because both Grant and birth registration are done at the VDC office and because a birth certificate is required for registration.

The process of submitting an application seems to operate fairly smoothly for most – although a high percentage of respondents (41% of the sample) said they had had to make an average payment to officials of around NRS 50 to register for the Grant, even though there should be no cost involved in registration. However, more than 90% of respondents in both districts said this payment was for paperwork. Because of the close association between birth certificates and the Grant, and because of poor awareness of how things should work in a formal sense, it is likely that in most cases these payments were for birth certificates rather than being bribes. On average, it took respondents more than one trip to register. For 77% of the sample, it took less than half a day to go to register and come back; for around 30% of households in Bajura it took more than half a day, given its geography and the location of the VDC offices.

Modest targeting errors despite the wealth criterion not being applied in practice

There are modest errors in the targeting of the Grant in the sampled areas: 24% of eligible households are excluded, while 29% of beneficiary households are included despite not being eligible as per the targeting criteria. International evidence suggests exclusion errors in means-tested programme tend to be quite high, and it is common for over half of eligible beneficiaries to be excluded (EPRI, 2011), so this is good performance; it means relatively low numbers of poor, eligible households are not receiving the transfer. It also implies few non-eligible households receive the Grant. What is more, targeting errors are modest even though, in practice, the Grant’s wealth targeting criterion is rarely (if ever) applied. Our analysis suggests this is to do with weak government capacity at the local level and the additional layer of complexity that

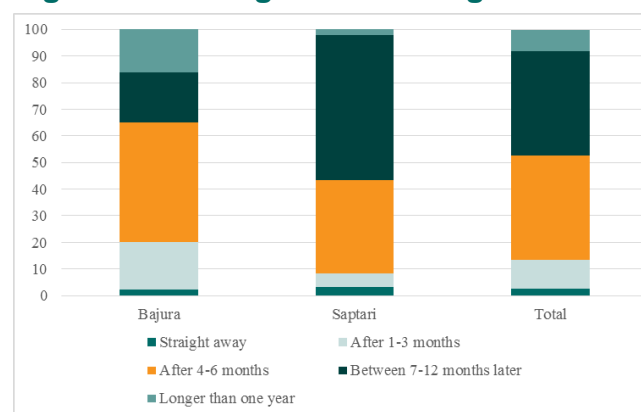
having to assess land ownership (the proxy used to judge wealth status) creates for implementers.

Awareness of age- and caste-based targeting criteria among respondents is high, yet they are often completely unaware of the wealth criterion. On the whole, respondents have positive perceptions of the effectiveness of targeting, but the qualitative data revealed some dissatisfaction among non-Dalit households. Many of those who *do not* receive the Grant – and who are not eligible in the first place, because of their caste – perceive the eligibility criteria to be quite unfair because, in the kinds of communities we selected for this research, practically *everyone* is poor.

Payments are infrequent and irregular

It generally takes a long time after registration before people start receiving the Grant: almost 40% of respondents waited for longer than seven months (Figure 2). This is because, even after registration, beneficiaries need to wait for the next payment day, and these are often infrequent.

Figure 2: Waiting time after registration



Beneficiary households are meant to receive the Grant three times a year; on average they receive it twice a year. A number of local and district officials said the centre sometimes did not release funding on time, delaying local distribution of the transfer for months. Another factor that can affect the promptness of distribution is local government capacity. Qualitative data suggest simple lack of human resources within many VDC offices constrains local government capacity to deliver the programme effectively and on time.

Most receive close to the full amount, but there is considerable variation

According to the quantitative data, most households receive close to the official payment of 800 NRS, but with some variation in terms of the size of payment received. The average amount received is lower in Bajura, but still well above NRS 700 per

payment. In particular, households said they did not receive the full payment in their child's first and fifth year (Box 2). When households were asked why they did not receive the full amount, there were some interesting differences between districts: 66% of respondents in Bajura said they did not know the official amount, whereas 50% of respondents in Saptari said the VDC office took some. The qualitative data also show people often feel they do not receive the right amount. These feelings seem to be frequently grounded in incomplete knowledge of the formal policy design, which is likely related to the informal and arbitrary ways information about the policy is first communicated.

Box 2: Missing payments

Here we do not get money in the first and fifth year – by the time we do the registration and all, the child is above one. And when the child has completed four years they say the child is five and do not give the Grant.

[FGD with beneficiary mothers, Bajura]

Many people complained of large crowds gathering around the distribution points and, as a result, long waiting times. Part of the reason for this is the time window in which recipients can collect the transfer, which we actually found to vary from place to place. While it generally seemed to be the case that these windows remain open for around two to three days, in some instances distribution takes place over the course of one to two weeks.

Limited awareness of grievance mechanisms and reluctance to speak out

There is a relatively low degree of awareness of grievance mechanisms: only 14% of respondents said they knew how to make a complaint. One key aspect of accountability is access to information, yet many beneficiaries have a limited understanding of how the Grant works. No questions are asked, partly because those collecting the Grant are not entirely sure they are getting the right amount. Even when beneficiaries possess adequate knowledge of how the Grant works and what they should expect, there are still constraints on their capacity to raise problems and concerns with officials. Analysis of the qualitative data suggests there is almost a 'culture of not speaking out' within beneficiary communities. It is possible this is particularly pronounced in Dalit communities, which have a historically difficult relationship with the state.

Low transfer levels but some (modest) impacts

The Grant has *contributed* to expenditure on a whole range of items, particularly food and medicine. However, given the size of the payment, it has not significantly affected household expenditure or economic wellbeing. It also appears to have eased access to informal credit, particularly in small shops (Box 3). Despite the limited transfer value, recipients are using the Grant in the best way they can. This suggests households would also use a higher transfer level well, with the potential for more sustained impacts for children.

Box 3: Informal loans

To big shops in the market, we do not say we will pay after we get the Grant money, we tell them we will pay them from remittances money. But to small shops in the neighbourhood, we tell them we will pay when the Grant money comes and they give us things on credit.

[FGD with beneficiary mothers, Bajura]

We do not find strong impacts on beneficiary households' food security. However, in the short term, the Grant may have positive impacts on children's dietary diversity, with respondents reporting being able to buy more 'desirable foods' for their children. But these kinds of effects are short-lived, given the low transfer size. Children in beneficiary households are also more likely to receive Vitamin A and to be de-wormed, possibly as a result of complementary interventions.

Overall, we find very limited impacts of the Grant on empowerment. Although sizeable proportions of beneficiaries report a self-perceived positive change against certain measures, such as decision-making within the household or willingness to approach figures of authority, in terms of actual behaviour we find no statistically significant impacts. However, it needs to be emphasised that empowerment is not an explicit objective of the Grant.

Four implementation bottlenecks

Our analysis highlighted a series of *bottlenecks* that are limiting the Grant's impact potential.

The wealth targeting criterion adds another layer of complexity to overburdened local officials and may, in fact, not be viable, particularly given limited capacity. It is difficult for VDC secretaries to measure and take into account land ownership when identifying eligible households. Data collection and verification is proving challenging even when wealth status is not considered. Yet low

exclusion errors show that, even when it is not applied, targeting efficiency can be high.

There is a gap between the way the policy is laid out on paper at central level and the way it is operationalised locally, with big variations in implementation. Furthermore, monitoring is weak, which prevents positive learning and adaptation. The policy is simply assumed to work as it is written down, with few attempts made to examine the ways it may evolve or mutate as it ‘travels’ across the country.

There is **inadequate outreach and information dissemination**, with many beneficiaries unsure how the Grant should work, particularly in terms of the registration process, but also in terms of when and how much they should be getting. In particular, fathers and in-laws are currently not included in information dissemination campaigns, even though they often play a large(r) role in picking up the Grant and decisions on how it is spent.

Finally, **weak formal accountability mechanisms prevent beneficiaries speaking out** and also mean data to improve delivery are not being collected.

Policy recommendations

There are some clear policy recommendations for both the **government**, particularly MoFALD, and one of its main partners in the policy discussions, **UNICEF**.

1. **Increase the financial value.** At the current level, the Grant has positive but limited impacts, for example on nutritional outcomes. A higher transfer could mean sustained impacts for children.
2. **Scrap the wealth targeting criterion.** It is too difficult to implement, and, based on our estimation of targeting errors, does not make much difference to targeting outcomes.
3. **Consider scaling up to a universal transfer.** In communities where almost everyone can be considered poor, targeting the Grant by caste group makes little sense, and may even contribute to a sense of social injustice among non-beneficiaries.
4. **Provide more support to local officials who implement the Grant.** Government capacity is particularly weak at the local level, and officials are often overburdened. Any trainings are brief, one-time-only, affairs, and unlikely to result in effective knowledge-sharing and translation into better behaviour. In particular, providing more support to sustained monitoring of the programme will help identify problems as they evolve on a continual basis.
5. **Rethink how ‘distribution windows’ work in practice.** Distribution windows tend to be short

and can be chaotic. In particular, it is important to consider extending the length of the window, increasing the number of distribution points to improve access for remote households and staggering pick-up times to avoid the formation of crowds. Related to this, linking registration to birth registration and having more frequent registration days or even open/rolling registration will increase effectiveness on the stated objective of improving under-five nutrition, where the first years of life represent the key window of opportunity for high returns. This may also ease the burden on officials.

6. **Share accurate information about the Child Grant policy with mothers, as the primary care-givers, but also fathers, grandparents and the community in general.** Grant awareness-raising strategies often target women, and particularly mothers. But mothers are not the only ones who go to collect the Grant, and they often do not have complete autonomy over household spending practices. Therefore, awareness-raising should also target husbands and in-laws, and outreach and dissemination strategies in general need to be improved. Related to this, it is also important to set up and operationalise social monitoring and grievance mechanisms.

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The full report can be downloaded here:

<http://www.odi.org/projects/2800-child-grant-nepal-dalit>