

Researching livelihoods and
services affected by conflict

The Old Age Allowance and perceptions of the state in Rolpa District, Nepal



Working Paper 25

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October 2014



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Acknowledgements

The authors are grateful to Bal Chandra Luitel, School of Education, Kathmandu University; Charles Knox-Vydmanov, HelpAge International; and Richard Mallett, ODI for peer review and useful suggestions to strengthen the report.

Thanks to Aaron Griffiths for editorial support; Maryam Mohsin for communications support; Sonia Sezille for project management; and to Rachel Slater and Paul Harvey for their overall guidance.

Abbreviations and acronyms

MoWSCW	Ministry of Women, Children and Social Welfare
NPC	National Planning Commission
SLRC	Secure Livelihoods Research Consortium
UML	United Marxist and Leninist Party
UNDP	United Nations Development Programme
VDC	Village Development Committee

Executive summary

The research examines how the Old Age Allowance programme influences people's views and attitudes of the state and contributes to state legitimacy in Nepal. It is based on in-depth qualitative interviews with 38 beneficiaries of the Old Age Allowance in Rolpa district. The research reveals that an individual can have multiple (positive and negative) perceptions of the state, which are associated with specific experiences and programme impacts. These perceptions relate to people's assessment of how well the state fulfilled the main objectives it set out to achieve through the establishment of pensions. These objectives can be considered as the main premises of the social contract in Nepal and they include the government's commitment to institutionalise social support for older persons, contribute to people's well-being, and promote social inclusion. People's perceptions are also linked with a range of other factors, including the effects of pensions on empowerment, family and community relations, the process of delivering benefits and people's experience of receiving benefits.

The research offers valuable insight into the beneficiaries' experiences, concerns and priorities and enables lessons to be drawn for improving the Old Age Allowance programme. Adjustments in programme design and implementation could help enhance the contribution of the allowance to people's lives and livelihoods. This in turn can help foster positive perceptions of the state and contribute to state legitimacy. These policy measures include increasing the value of the benefit, equalising the eligibility threshold, improving the benefit delivery capacity of Village Development Committees, facilitating convenient and cost-free access to benefits, promoting effective information sharing and outreach, and introducing sectoral improvements for inclusive service delivery.

1 The research objectives

The objective of the research is to examine how old-age social protection in Nepal influences people's views and attitudes of the state and contributes to state legitimacy. In particular, the research examines the perceptions of the state among the beneficiaries of the Old Age Allowance in Rolpa district. The Old Age Allowance is an unconditional cash transfer, universally targeted at older people in Nepal. The research is based on in-depth qualitative interviews with 38 beneficiaries of the Old Age Allowance in Rolpa.

The research builds on the 2012 SLRC longitudinal survey that sought to document people's usage of and satisfaction with basic services and social protection in Nepal. The survey documents the level of people's satisfaction with the Old Age Allowance in Rolpa, Bardiya and Ilam districts. The qualitative research seeks to identify people's views of the benefits and shortcomings of the allowance and how they are linked with their perceptions of the state.

Social protection programmes are in essence political and reflect a 'social contract' between citizens and the state (Cook, 2013: 20). Social contract signifies 'a dynamic agreement between state and society on their mutual roles and responsibilities' (OECD, 2008: 17). In a social contract, the state designs, finances and delivers social protection programmes to promote well-being and social equity, expecting in return to gain legitimacy and support from the population. Legitimacy is defined in terms of people's acceptance of a particular form of rule, political order, institution or actor as legitimate (OECD, 2010). A lack of legitimacy contributes to fragility as it undermines a state's authority and thus its capacity to perform its functions. State legitimacy that is underpinned by a constructive relationship between the state and citizens is essential for effective governance and public service delivery. The ability of the state to fulfil the terms of the contract in line with the stated objectives and people's expectations affects the nature of state-society relations and ultimately the extent to which people accept and support state authority.

In the last decade, the Government of Nepal has funded and implemented a number of social protection programmes. The Old Age Allowance is a non-contributory pension programme that supports older persons in sustaining their basic needs. Non-contributory pensions – also known as social pensions – are increasingly being used across the world as a policy instrument for providing social protection to older persons. They seek to offer income support to older persons who are not covered by the existing contributory pension schemes.

Social pensions can be considered a form of a social contract in which the state recognises the needs of older people, establishes their social entitlements, and institutes administrative and financial arrangements for offering them societal support (Babajanian, 2012). The majority of social protection programmes in Nepal, including the Old Age Allowance, can be considered as part of a 'nascent social contract' between state and society because they are financed by taxes and integrated into the fiscal budget (Koehler, 2011: 14). There is limited empirical evidence on people's perceptions of the government in relation to the allowance and the extent to which social pensions support the legitimacy of the state institutions at the central and local levels.

This study explores how the provision of social pensions in Nepal has affected the state's legitimacy through the lens of public perceptions of the state. State legitimacy can alternatively be assessed by focusing on people's actions, such as voting behaviour and political activity, or the nature and depth of public support for specific policies and reforms, but studying public perceptions can enable understanding of the specific ways in which the provision of public services affects people's views and attitudes and thus reveal a nuanced picture of the complex social, economic and institutional factors affecting state legitimacy. The research sought to generate people's perceptions of both the central government and Village Development Committees (VDCs), the lowest governance structure in Nepal.

The paper is organised as follows. Section 2 discusses the main features of the Old Age Allowance and the government's objectives in introducing the programme. Section 3 presents the analytical framework and section 4 reviews the research methods. Sections 5-9 present the research findings, including the respondents' knowledge of the allowance and their perceptions of the state in relation to a number of factors, including the establishment of social entitlements for older persons (Section 5); usefulness and contribution to their well-being (Section 6); effects on empowerment and family relations (Section 7); implications for social inclusion and community relations (Section 8); and processes and organisation of benefit delivery (Section 9). Finally, Section 10 summarises the research findings and draws policy implications.

2 The Old Age Allowance: social contract between the state and citizens?

The Old Age Allowance was introduced in 1994 by Prime Minister Manmohan Adhikari of the United Marxist and Leninist (UML) Party of Nepal. The government adopted modifications to the programme in 2008-2009. The Ministry of Women, Children and Social Welfare (MoWCSW) is responsible for administering the programme at the national level, while the Ministry of Local Development collaborates with VDCs in delivering the allowance to beneficiaries.

The programme has a national coverage and offers universal categorical provision in that it offers benefits to all citizens of eligible age who are not entitled to contributory pensions. As such, it is different from means-tested social pensions that cover old-age individuals whose income is below a predefined income threshold (e.g. in Bangladesh). The National Population and Housing Census suggests that there are over 2.1 million senior citizens aged 60 and above in Nepal, which is about 8% of the total population (NPC, 2012b). The universal entitlement in Nepal has ensured that over 80% of old-age individuals receive pensions (Babajanian, 2013). The programme provides cash transfers of Rs 500 (\$5) per month to older people over 70 years of age and to all Dalits and all residents of the remote Karnali region (one the most disadvantaged regions of Nepal) over 60 years of age. The main features of the Old Age Allowance are presented in Table 1.

Table 1: Main features of the Old Age Allowance

Eligibility	Retirement age	Life expectancy at birth	% of people aged 60+ who receive social pensions	Monthly transfer size	Poverty line (person/month)	Cost (% of GDP)
Universal	60+ Dalits and Karnali residents 70+ other castes	51 Dalits 61 other castes	80 in 2009-10	Rs 500 (\$5)	Rs 1,605 (\$17) (2010/11 national subsistence minimum)	0.35 in 2011

The government's commitment to support older people goes beyond the Old Age Allowance. Nepal is one of 21 countries that have introduced national policies for older people and one of 12 countries that have passed national laws on elderly people (UNFPA and HelpAge International, 2012). These include the Senior Citizens Act 2007 and Senior Citizens Regulation 2009.

The Old Age Allowance pursues three objectives, which can also be seen as the main premises of the social contract between the state and citizens. They include:

- institutionalising public support for older people
- reducing old-age poverty and insecurity
- promoting social inclusion.

Institutionalising social support for older people. The Old Age Allowance establishes the right of older people to receive regular public support. It offers a source of income to individuals who are unable to rely on the labour market for deriving adequate income to support their basic needs (Babajanian and Hagen-Zanker, 2012). Cultural values in Nepal ascribe an important role to older people (Uprety, 2010), who are respected 'to the point of reverence' and valued for their contribution to the family, society and country (HelpAge International, 2009: 2). Yet before the introduction of the Old Age Allowance, the majority of older people outside the formal contributory system were not eligible for any support from

the state. The contributory old-age pension in Nepal only covers a small fraction of older people, most of whom worked in the public sector. The majority are almost entirely reliant on their families and relatives for financial support and social care. The Old Age Allowance seeks to address the vulnerability of older people associated with a specific stage of a life cycle that makes it difficult to earn stable and reliable income.

Reducing old-age poverty and insecurity. The Old Age Allowance has been linked to the government's objective to reduce poverty among older people and promote their well-being (Samson, 2012). By introducing universal entitlement, the government sought to increase the likelihood of reaching the majority of older people and to reduce high levels of old-age poverty and insecurity among them.

The Global AgeWatch Index 2013 ranked Nepal 77th of 91 countries in terms of quality of life and well-being of older people (HelpAge International, 2013). Their insecurity has been heightened in the past decade by changes in existing family support structures. As a result of high levels of migration among working age people, more older people are being left alone, without necessarily receiving remittances (KC, 2012). Social protection is therefore especially important for older people unable to benefit from family networks.

Promoting social inclusion. The government designed the Old Age Allowance programme to promote equity and social equity. Recognising the existing social and economic divides across different social groups, it introduced universal categorical entitlement for the Old Age Allowance 'to cut across caste and ethnicity' (Samson, 2012: 219). It also seeks to provide additional support to Dalits, who have historically been marginalised (Box 1). In particular, the government set the eligibility threshold of the Old Age Allowance at 60 years of age. This recognises the fact that Dalits' life expectancy is lower than that of other groups in Nepal.

Box 1: Social exclusion in Nepal

Nepal is a post-conflict country with a highly unequal social structure. Social exclusion in Nepal reflects the hierarchies of the Hindu caste system that divides the population into 'upper' and 'low' caste people (World Bank, 2006). The 2001 census listed 103 groups, of which Hindu caste groups constituted 57%, Adibasi/Janjatis 37%, and the religious minorities 4%. The caste system divides the population into the 'upper caste' Brahmin, Chhetri and Newar groups, the 'middle caste' Tarai and the 'low caste' Dalits. The 'ethnic minorities' such as the Adibasi/Janjatis (indigenous people) and Muslims are in the same position in society as the low caste groups. There are 59 ethnic indigenous groups who the government has officially categorised as 'endangered', 'highly marginalised', 'marginalised', 'disadvantaged', and 'advantaged' depending on their socioeconomic status.

The low-caste Dalits and ethnic minorities, such as Janjatis and Muslims, continue to experience higher levels of economic and social deprivation than other, more privileged groups such as Brahmins and Chhetris. According to the 2006 Demographic and Health Survey, nearly 80% of Dalits and 70% of Janjatis (compared with 50% of Brahmans/Chhetris) are clustered in the three bottom quintiles (Bennett et al., 2008). More than half of Dalits and 40% of Janjatis (but only 28% of Brahmans) reported they were unable to access health care because of lack of cash. They have low human development indicators: Dalits, for instance, have an average life expectancy at birth of 67 years, lower than Janjatis and Muslims (both 70) and Brahmans/Chhetri (74) (Government of Nepal and UNDP, 2014). Some 48% of Dalits are illiterate, compared with 33% Janjatis and 24% of Brahman/Chhetri (Government of Nepal and UNDP, 2014). There are stark inequalities between men and women within these groups. Thus, the share of Dalit women without education (69%) is twice that of men (34%) (Bennett et al., 2008). See Adhikari et al. (2014: 59) for a comprehensive overview of drivers and outcomes of social exclusion in Nepal.

3 Analytical framework

The design of this research is based on the analytical framework derived from the Theory of Change approach. This approach stipulates the need to develop a conceptual and analytical basis for designing a research inquiry (White, 2009). In developing the research questions and hypotheses for this study, the research team distilled the explicit and implicit theoretical assumptions that constitute the intervention's theory of change – the assumptions about why and through what causal pathways the intervention is expected to have specific effects. The research then generated primary data to assess how the assumptions underpinning the theory of change were met in real life.

The research set out to examine how the Old Age Allowance might influence people's perceptions of the state and thus affect its legitimacy. The research hypothesis is that the Old Age Allowance is likely to affect people's perceptions of the state (positively and/or negatively). In developing the theory of change, we have identified key factors that may influence people's perceptions about the state and generated assumptions about how they do so. They are presented in the analytical framework in Table 2. We have identified these factors on two levels: (1) in relation to the specific objectives of the Old Age Allowance, and (2) based on a review of the literature on social pensions.

First, we assume that the state fulfilling the social contract results in positive perceptions. As mentioned earlier, we consider the government's objectives associated with the provision of the Old Age Allowance as the main clauses of the social contract. To reiterate, the government sought to establish statutory social support for older persons, contribute to well-being of older persons, and promote social inclusion. By examining public perceptions, we can identify how these objectives are relevant and important to people and how their fulfilment affects people's views and attitudes towards the government.

Second, the review of broader research evidence on Nepal as well as in other countries shows that social pensions can affect relationships within families and communities. In particular, there is evidence that cash transfers may affect people's sense of empowerment and their relations with family and community members. Furthermore, the processes and organisation of benefit delivery are likely to influence people's experiences and views of state institutions at both central and local levels. These factors have immediate repercussions for people's lives and livelihoods and thus shape their satisfaction with the state.

Let us now consider the main assumptions tested in this research. First, the government's effort to establish social entitlements for older persons can generate positive perceptions. Social pensions can be seen as a manifestation of the state's recognition and respect for older people, who are generally revered in the Nepali society (HelpAge International 2009).

Second, the Old Age Allowance's positive contribution to people's well-being is likely to bring about positive perceptions. In particular, people are likely to see the government in a positive light when cash transfers help them address important individual and family needs.

It is important to consider the contribution of the Allowance not just to pensioners' well-being, but also to that of their households. Social norms in Nepal render resource sharing and mutual solidarity important. There is evidence that older people tend to share their Old Age Allowance with other family members (Samson, 2012; HelpAge International, 2009; Uprety, 2010). They also continue to rely on their families for material support and informal care.

Third, the Old Age Allowance can affect empowerment and interpersonal relations within families and thereby influence the way people view the state. These effects can be closely linked with the distributional impacts of pensions. The opportunity to have a source of income and contribute to family well-being can enhance older people's confidence and sense of empowerment and strengthen their status and position in their households. Conversely, the beneficiaries' decision not to share the

allowance can lead to tension and family conflicts (and may ultimately result in a withdrawal of household support).

Fourth, it is likely that Dalit beneficiaries will appreciate the government’s efforts to promote their well-being and offer them cash benefits from the age of 60. On the other hand, the targeting approach that sets a lower eligibility threshold for Dalits could generate negative attitudes towards them and negatively affect both social relations and beneficiary perceptions of the state. For example, in their study on Sierra Leone, Holmes and Jackson (2008) and Holmes (2009) suggest that targeting benefits at specific social groups can exacerbate social divisions and inequalities. This study sets out to test how a similar targeting approach plays out in Rolpa.

Finally, the process and organisation of delivering benefits can influence people’s perceptions of state institutions. For example, Adhikari et al. (2014) suggest that poor implementation of the Child Grant in Karnali district in Nepal created negative perceptions of the state among the beneficiaries. More specifically, the respondents’ perceptions were influenced by the difficulties in the application process as well as partial and infrequent payments of benefits. This research focused on several key aspects of benefit delivery, including the timeliness and ease of registration, the frequency and completeness of benefit payment, and the convenience of payment methods (e.g. through banks, VDC offices or at home).

The In addition to exploring the respondents’ perceptions along these themes, the researchers sought to identify other issues that may have affected people’s perceptions of the state. In particular, they asked open-ended questions and used probes to solicit beneficiary views outside the key topics of the interview guide and retained flexibility to discuss topics raised by the respondents.

Table 2: Analytical framework: factors and underlying assumptions about how the Old Age Allowance can affect people’s perception of the state

Influencing factors	Assumptions
Establishment of old-age entitlements to income support	Beneficiaries appreciate the state for its recognition and respect for older people and its commitment to support them.
Contribution to well-being of older people and their households	Beneficiaries believe that the Old Age Allowance positively contributes to their well-being and helps address their important individual/household basic needs.
Empowerment and family relations	Older people share their allowance with other family members; this enhances their self-esteem and strengthens their status within their families. Conversely, the beneficiaries’ decision not to share the allowance can lead to family tensions, conflict and insecurity.
Social inclusion and community relations	Dalit beneficiaries appreciate the government’s efforts to offer them cash benefits from the age of 60. The early eligibility threshold for Dalits generates negative attitudes among non-Dalit beneficiaries.
Benefit delivery	The beneficiaries’ experiences of benefit delivery can influence their perceptions of the state. Important aspects include the registration process, accuracy and frequency of benefit payment, and benefit payment methods.

4 Research methods

The research was conducted in Rolpa in September and October 2013. It used in-depth, conversational interviews with beneficiaries as the main technique for soliciting data. The research was conducted in two VDCs in Rolpa district (Liwang, the Headquarters of Rolpa, and Budagaon) and covered three wards (villages) in each VDC. Table 3 contains the list of wards covered in each VDC. These wards were selected to represent different geographical terrains and different degrees of proximity to the VDC offices where older people apply for their pension benefits.

Table 3: Field Locations in Rolpa

VDC	Liwang (District Headquarters)	Budagaon (VDC)
Ward, name of village	4, Reuga	9, Kharka
	5, Mulpani	1, Simpani, Ramnali
	6, Bazaar (VDC Office)	5, Ranagaon

The research was designed to capture the differences in perceptions depending on social and demographic characteristics. Thus, it sought to identify how specific experiences affect perceptions among people with different characteristics – men and women as well as people from different social groups, such as Brahmins, Chhetris, Dalits and Janjatis. The researchers interviewed 38 beneficiaries of the Old Age Allowance, including 22 women and 16 men who belonged to different ethnicities: Dalit (12), Janjatis (11), Chhetri (9), and Brahmin (6) (Figure 1). The researchers also interviewed the VDC secretary from Liwang, who was responsible for distributing the Old Age Allowance. The VDC secretary in Budagaon was not available for interview.

The list of the Old Age Allowance beneficiaries was obtained from a VDC official in Liwang. The list was disaggregated and stratified by gender, caste and ethnicity. The respondents were then selected randomly in each location. Before starting the interviews, the research team held meetings with the representatives of local communities to discuss local problems and to build rapport with the residents. Each interview was conducted by one researcher, who took notes and recorded the interviews using an audio recorder. A field logbook was maintained every day after the interviews, where the researchers recorded their observations, questions and comments. The interviews were coded manually and the data were organised and analysed manually. The names of all the respondents have been anonymised through coding in the interview transcripts and through how the data have been used in the analysis.

The research used the in-depth interview technique in order to generate rich, context-specific data. The interviews were based on a topic guide that set out the key topics and issues to be covered during the interview. The interviews were an hour and a half each on average. Difficulties were experienced interviewing some respondents, especially those over the age of 80, where they had speech and hearing problems. As a result, not all interviews generated an equal level of detail and reflection across all the issues. At the same time, the in-depth interview format helped solicit a broad range of beneficiary views and experiences and identify factors determining people's perceptions of the state.

5 Institutionalising social entitlements for older persons

This section explores people's perceptions of the state with regard to the establishment of statutory pension entitlements for older persons. It first reviews the extent to which people were aware that the pensions were provided by state. Following the first assumption in the analytical framework, it discusses whether the state's commitment to provide income support to older people has resulted in positive perceptions. It considers people's views about the role of the state and family in sustaining livelihoods of older people.

5.1 Knowledge about the programme

The overwhelming majority of the beneficiaries were aware that the allowance was provided by the state. The most common responses were along the lines of the following examples: 'It is the government from Kathmandu who provides this allowance and we get it here from the VDC' (Sukbirlal, Dalit, 74, male, Liwang). 'It is the state' (Parwati, Brahmin, 78, female, Budagaon). 'It's the state, who else? It is the state' (Maya, Brahmin, 75, female, Liwang). 'It is the government who gives it' (Menuka, Janjati, 75, female, Budagaon).

Some individuals were highly knowledgeable about the provenance of Old Age Allowance. Three male respondents in Liwang VDC narrated its entire history, beginning their stories from the UML leader's initiation to the current policy debates at the central level about increasing the allowance to Rs 1,000 per month. These villagers were generally viewed by residents as the most knowledgeable in their communities.

The respondents had different ways of referring to the state. Some respondents preferred to refer to the central government as the 'Kathmandu government' ('Kathmandu Sarkar'). When referring to local government, the beneficiaries used the term 'VDC'. For some other respondents, the state was personified by the Communist Party, which initiated the pensions. For example, Bhima (Chhetri, 78, female) in Liwang knew that the Communist Party introduced the allowance, but she was unsure whether it could be classed as the 'state' or 'government'. She said: 'This allowance was started by the Nepal Communist Party. So it is the government of Nepal, right?' Another respondent said: 'They say it is the Communist Party that provides the allowance. We get it from the VDC' (Nina, Dalit, 67, female, Budagaon).

5.2 Reaching out to older people

The beneficiaries expressed their appreciation of the state for recognising that older persons do not have independent income and for its concern for their well-being. The following statement by Saru (Chhetri, 75, female) in Liwang reflects opinions expressed by other respondents:

'It is because we are old and we cannot take care of ourselves. We cannot work like youths, like you all do. And the government is concerned about us. They want to take care of their *aama* and *buwa* – mother and father.'

Most respondents valued the fact that the state recognised them and made an effort to reach out to them. As the next section details, the allowance was overwhelmingly perceived as too small: most respondents considered it too little to help address all their priority needs. Yet they appreciated the state's commitment to support them. Here are some examples of beneficiary views:

'The government has been a true blessing for us elderly people. No matter how much the amount is, we have been blessed.' (Parimila, Brahmin, 75, female, Budagaon)

'No matter how much the amount is, thinking about us and our needs and respecting us this way is the best the central government has done for us.' (Gopi, Dalit, 73, male, Budagaon)

'I feel very happy that the central government is concerned about us. They are the ones sending us money from that far. God bless them.' (Laxmi, Janjati, 80, female, Budagaon)

'I do wish the state raised the amount. If the government jobholder's salary increases every year, why not old-age pensions? But I cannot say the state has not done anything. It has not forgotten the elderly people. Be it Rs 500, it has given us consideration.' (Sarvendra, Janjati, 75, male, Liwang)

'The state has recognised us and respected us with the money, though small, it is something that makes me content.' (Motilal, Brahmin, 75, male, Liwang)

5.3 Balancing family support

In the discussions about the role of the state, the beneficiaries brought up the role of the family in supporting their basic livelihoods. Most respondents received material support from other family members, which reflects a deeply rooted tradition in Nepal. Typically, sons are expected to take care of their parents when they reach old age. At the same time, the reliance on family members for sustaining basic livelihoods contributed to a sense of vulnerability and anxiety. Several beneficiaries stressed that family relations can be volatile and appreciated the state for offering a source of regular support. For example, Damini (Brahmin, 75, female) in Budagaon said:

'The government has stood for us. When family members can be sour and turn their backs on us, the government has emerged as god for us. I am happy with whatever they [the government] has offered.'

Bal Bahadur (Dalit, 67, male) in Budagaon referred to the state as the 'guardian':

'The state has become our god, our guardian at this old age. Who would take care of us?'

Champa (Janjati, 77, female) in Liwang echoed this sentiment:

'This amount is my only means to live. I do not know what will happen to family. Family members can turn their back on elderly people anytime. But the government never will. I hope that the amount will grow as we grow older.'

This sense of vulnerability among older persons is especially heightened as youths tends to move out of their communities to large cities as labour migrants, leaving older people behind, often with limited regular material support and care.

The respondents believed it was important for the state to support them in order to reduce the burden on their families. Some pensioners suggested that their children had their own spouses and children and had to struggle to support them as well as their parents. Rambabu (Chhetri, 74, male) in Budagaon, for example, mentioned that he feels uncomfortable asking his son for money knowing that they he has lots of expenses for his own children:

'In today's time families are not there for us anymore. Our sons get married and they will have their own family to take care of. It is awkward to ask for money from them, especially if they have children who need to be fed and sent to school. I would rather live with the Rs 500 given by the state than trouble my son unless he volunteers to help me, which is not possible.'

Similarly, Reema (Janjati, 72, female) in Budagaon suggested that children cannot be expected to spend all their time and resources on their parents as 'they need to live their lives'. She said:

'The state is our father and our guardian. Without it, what would we do? I have realised that as we grow old we become orphans [tuhuro] and that the only one that takes care of us is the state. We cannot rely on our children all the time. So the state has to be there for us to give us these Rs 500 – or more if they can.'

Similarly, Maiya (Chhetri, 71, female) in Liwang said:

'My family has been very good to me. It is because they take care of me, at least in this age. But there are [old] people like me who do not have families. Who takes care of them? We need the state.'

Some beneficiaries believed that it was the state's responsibility to support older individuals as they had limited physical ability to earn for living by themselves. At the same time, they appeared to be grateful that the state acted on this responsibility. Here is a quotation by Maya (Brahmin, 75, female) in Liwang:

'Yes the state is supposed to provide us the pension. Otherwise who would give us the money? Where do we go? What do we do? The state has been responsible for us really.' (Maya, Liwang)

Maiya (Chhetri, 71, female) in Liwang made comments along similar lines:

'The central government is committed and it has to be committed. Because the big has to take care of the small.'

There was a strong feeling among the respondents that the state must help especially those older people who do not have families of their own and cannot rely on their family members for their livelihoods. For example, Indu (Janjati, female, 73) in Budagaon said:

'I think family's role is to look after older people. We took care of our sons and daughters when they were small now their turn towards us. But there are people who do not have anyone. It is heart-breaking to see them. I have four sons living with me and they give me all the love and care. For people who do not have anyone, the government is their only support.'

6 Contribution to people's well-being

As set out in the analytical framework, the effectiveness of social pensions in reducing old-age poverty and improving people's well-being can influence public perceptions of the state. This section discusses respondents' accounts of the usefulness of their pensions in terms of their food, health care and education expenses as well as their perceptions of the state.

6.1 Food needs

The first round of the 2012 SLRC longitudinal survey suggests that the Old Age Allowance offers limited income support due to the low value of benefits in Nepal (Upreti et al., 2014). The survey covered 3,175 households in Rolpa, Bardiya and Ilam districts. It found that 12.5% of households in the sample received the Old Age Allowance in the preceding year. When asked about the usefulness of the transfer, the majority of 398 beneficiary respondents in the study sample reported that the allowance helped them 'a bit' (55.4%), while 37.7% felt that 'the transfer is too small to make a difference'. Just 0.5% reported that the transfer helped them 'a lot'.

The qualitative method used in this research has enabled us to generate a better understanding of the usefulness and limitations of the allowance for the beneficiaries. It established how people spent the money and sought their views on how the allowance helped to address their immediate livelihoods needs.

The respondents acknowledged that the allowance offered an important contribution towards basic necessities. This corroborates evidence from previous studies about the positive contribution of the Old Age Allowance to the basic needs of older people and their families (HelpAge International, 2009; Upreti, 2010). Most beneficiaries spent it on essential food items such as rice, flour, vegetables, milk, biscuits, oil, salt and tobacco. Some used their benefit for clothing and health care needs. There was no substantial difference in the usage of the allowance between the Dalits and non-Dalits.

The allowance was not used solely for individual consumption and it was shared with other household members. Sharing income and resources within household is an integral part of Nepalese culture. It is viewed as an important social duty. The respondents contributed towards their families' food-related expenses and sometimes used their pension to cover minor expenses related to their grandchildren's education. The research suggests that the pensioners voluntarily shared their income with their families.

While the allowance is useful and welcomed by beneficiaries and their families, it does not allow them to fully meet their basic needs. The monthly benefit of Rs 500 (\$5)¹ is less than a third of the monthly individual subsistence minimum. The national poverty line for 2010/2011 was Rs 19,261 (\$200) per person per annum or Rs 1,605 (\$17) per person per month. The beneficiaries all acknowledged the usefulness of their pension, while simultaneously stressing its limited value. For example, Junkumari (Chhetri, 70, female) in Budagaon said:

'I use most of the amount for buying food, such as oil, salt, sometimes rice, sometimes vegetables. That is all. I wish I could buy more. It is not enough.'

Similarly, Lilamani (Janjati, 72, male) in Liwang said: 'I spend the amount to buy tea, biscuits and milk. It is a very little amount, what else can I buy with it?'

Whilst the respondents acknowledged the contribution of the allowance, they were critical of the state for offering small benefits that were not adequate to fully address their immediate needs. A quote from

¹ The exchange rate is based on www.xe.com as of 14 July 2014

one beneficiary in Budagaon reflects this sentiment: 'How can I say that the amount is small or big? The state is at least providing the benefit. But it is inadequate for me and I wish it was increased' (Bal Bahadur Dalit, 67, Budagaon). Most beneficiaries were dissatisfied that the state did not assess their needs adequately. They were compelled to prioritise their needs and make choices on how to spend their allowance. As it covers only a small share of beneficiary expenses, some of their needs remain uncovered.

One beneficiary alleged that the state officials were more interested in their own interests rather than those of ordinary people. He said: 'This amount is small. There are government officials who attend 1 to 2 hours meeting and receive Rs 500 to 1000 and even more as TADA [Transportation Allowance and Daily Allowance]. Why are they greedy in providing more benefits to the old-aged people?' (Motilal, Brahmin, 75, Liwang).

All beneficiaries expressed a wish that the state raised the pension amount. Some appeared to be hopeful in the wake of debates in the media in 2012 about raising the amount to Rs 750 per month (The Kathmandu Post, 2012). Some respondents also recalled the state had once raised the amount from Rs 100 monthly to Rs 500 monthly and hoped this would happen again in the future.

Most beneficiaries who lived with their families were still reliant on material support from family members as the pension did not fully cover all their essential needs. It is difficult to ascertain the extent to which the Old Age Allowance has affected families' financial responsibilities for older people. While pensions provide an alternative source of income and are thus likely to reduce financial support to older people, they are not sufficient to fully relieve families from financial responsibility for older people. Some respondents suggested that the allowance did not approach the amounts their family members spent on them every month. For example, Menuka (Janjati, 75, female) in Budagaon said:

'My son is my life. He takes all the responsibilities for me. What is the pension compared to how much he spends on me and takes care of me. But it is his duty too. I am ill and the money I get is not enough. He fulfils it all for me.'

Saru (Chhetri, 75, female) in Liwang shared similar thoughts:

'Family plays a big role in my life. I cannot imagine my life without my daughter. If you look at the money [Old Age Allowance] we get, it is not even enough for two days. All other needs would be fulfilled by family ... There are old people without families and I feel that the amount does not help them much. They have to spend their money very carefully.'

The respondents were especially concerned about the limited adequacy of the pension for older people without families. They believed it was important for the state to increase the amount of pensions for those who were unable to benefit from family support. For example, Maya in Liwang (Brahmin, 75, female) suggested:

'Well, it is not enough for those who suffer a lot – like the old and poor people with no families. I have my sons and daughters who take care of me. But I have seen old people with no one and they need more money to support themselves and they need the state. Rs 500 is not enough in today's time. Is it enough for you? You tell me. You came all the way from Kathmandu and how much money do you have to spend?'

Similarly, Sirapa (Brahmin, 76, female) in Liwang suggested that the allowance offered enough cash for snacks and tea but was too little for older people without family support:

'Rs 500 is not enough even for a day these days. But there are people who do not have families and it is a lot for them. I wish they got more money. I feel sorry for their situation. There are some old people who do not have families to take care of. I am blessed with a wonderful family that fulfils my need. For me, the allowance is only to spend for snacks and tea.'

6.2 Utilisation of health care

While primary health care in Nepal is free, most people are required to pay user fees for medical treatments and the cost of medicines. People often attend private health facilities as opposed to public health care facilities, despite the former being expensive (Jha and Laxminarayan, 2009). This is because of the substandard quality of public health care facilities and limited availability of supplies and medicines. For example, Menuka (Janjati, 75, female) in Budagaon had asthma and visited the private clinic once in every two months to buy her inhaler, which was not available in the public health facilities.

The majority of the respondents were not aware of their entitlement to receive free health services. The Senior Citizens Treatment Guidelines, 2061 provides health treatment and services to elderly people with ailments. The guidelines ensure that poor elderly people residing in 75 districts of Nepal receive free health care treatment up to Rs 2,000 (once) (Geriatric Centre Nepal 2010), but this did not appear to be accompanied by effective information dissemination to enable older people to benefit from their entitlements.

Some beneficiaries spent their allowance on health care needs. Six respondents (of whom five were women) reported they used the allowance for covering the cost of treatment and medicines of chronic illnesses, such as gout and asthma. One of them, Harimaya (Dalit, 73, female, Budagaon) said: 'I spend about Rs 300 every time I visit a doctor in private clinic for my gout problem. The medicines are expensive.' The timing of their medical treatment was tied to receipt of their allowance. They were unable to visit the health centre regularly, despite the doctor's advice to undergo monthly treatments.

In general, most of the older men and women in the study maintained that the health care needs require significant cash and the allowance was too little to enable them cover all health expenses. They were reliant on their families to support their health care needs. For example, Siddhiman (Brahmin, 79, male, Budagaon) suggested that if it were not for the support of his family, he would not be able to seek medical assistance. He said: 'If my son and daughter were not there to take care of me when my health goes wrong, I wouldn't be able to do it with just my pension. How can it be enough?' None of the respondents used the allowance on health care needs of other household members.

Many beneficiaries were disappointed that the state did not provide them with enough money to support health care costs. They felt they state did not properly consider that health care needs imposed a high cost on people.

'It would be a sin from the government to think that we can use the allowance for health benefits, how is Rs 500 enough?' Laxmi (Janjati, early 80s, female, Budagaon)

Likewise, a Chhetri woman in her early 70s, Maiya from Liwang stated, 'It is difficult to use the pension to cover our food needs, taking care of health with this amount is out of our reach. How can the government expect us to use the money for both food and health when it's not even enough for food?'

'Sometimes I do not know what to buy and what not to with the money. My health is deteriorating and I have to buy medicines. You tell me now. What does the state want me to buy with the money? Food or medicines? We wait for months to get the lump sum money. By the time the money comes I am busy paying my loan of the previous months.' (Nina, Dalit, 67, female, Budagaon)

6.3 Education expenses

Older people living with grandchildren in their households used their allowance to support minor education related expenses. In particular, they bought stationery, provided money for their grandchildren's lunch and contributed towards the cost of religious functions at school. For example, Maya (Brahmin, 75, female) in Liwang said:

'I use it for what I want to use it for. Sometimes to buy food, snacks for myself, or I give some to grandchildren so that they can take it to school for lunch and buy wai-wai [type of noodles] or biscuits.'

Similarly, Menuka (Janjati, 75, female) in Budagaon said: 'I share the food and items I buy with the money with my family, especially my grandchildren.'

The research reveals that the allowance was not used to finance school fees: while the respondents contributed to the cost of their grandchildren attending schools, there were no cases in which school fees were paid, whether fees for private schools or exam fees in public schools. Respondents said that the amount was not enough to cover children's school fees after dealing with priority needs in food and health care. For example, Min Kumari (Brahmin, 73, female) in Liwang said:

'How can Rs 500 be enough to pay for children's education? My grandchildren go to private schools and Rs 500 cannot support their education at all.'

Indu (Janjati, female, 73) in Budagaon said similarly: 'What are you saying? How can the pension be used for children's education? It is not enough to buy food.'

When exploring the role of the Old Age Allowance, it is important to consider its usage in relation to other social protection benefits that households in Nepal receive. As mentioned earlier, the government provides a number of social cash transfers to address various vulnerabilities and some households may receive several cash transfers. While cash transfers tend to contribute to the overall household budget, they can also be designated for specific items.

In particular, almost all Dalit beneficiaries with children in our study communities received government-funded scholarships for Dalit children. This scholarship helped them support most education-related expenses. Shyam (Dalit, 77, male, Liwang) said:

'I give money to grandsons or granddaughters to buy copybooks and pencils. But they have scholarships to go to school.'

Reema (Janjati, 72, female) in Budagaon echoed this: 'It is only enough for food and snacks. My grandchildren get scholarships [Dalit] for education. There is no need to pay for education.'

Similarly, Nina (Dalit, 67, female) in Budagaon said: 'No, we do not have to pay school fees for grandchildren. They receive a scholarship.'

7 Empowerment and family relations

As hypothesised in the analytical framework, receipt of the Old Age Allowance can empower older persons. The opportunity to have an independent income and contribute to family well-being can enhance their self-esteem and sense of personal empowerment. Pensions can also influence interpersonal relations within families. The beneficiaries' decision to share or not to share the allowance with their family may affect their status and relationships with other family members.

The beneficiary accounts provide some information about the effect of the allowance on individual empowerment and family relations, but this is an area that needs to be further explored. Ethnographic research can allow greater engagement and trust-building than one-hour in-depth interviews and thus enable researchers to capture the interplay between pensions, empowerment and family dynamics and how these relate to perceptions of the state.

For some pensioners, the ability to contribute to their families enhanced a sense of individual achievement. Parwati in Budagaon (Brahmin, 78, female) suggested that although her son tells her not to spend her pension on their family needs, as a mother she feels happy to contribute with the little that she can. Similarly, Maya (Brahmin, 75, female) in Liwang felt gratified by her ability to put something into her family's budget. She said:

'My family has always been good to me. My sons and daughters have taken care of me very well. I feel like I am also contributing to something in the family with the small amount I get. They tell me to save the money and I say 'marera lagnu ke cha ra' [you can't take much with you when you die] and buy rice and vegetables if I want to.'

Another respondent, Laxmi (Janjati, 80, female) in Budagaon reflected this view, acknowledging the state's contribution to her ability to share income with her family:

'I use the money mostly on food. I tell my son to buy rice and vegetables and give it to my daughter-in-law who then prepares food for the household members. We are five. The government's support makes me a proud contributor.'

Ratna (female, Chhetri, late 70s) in Liwang reported that the allowance had positive consequences for family relations: 'I was not very close to my family before. I sat on one corner making batti² for religious ceremony. My son and daughter-in-law are very busy people. They work. Ever since I have received my pension, I have kept my grandchildren happy, which makes my daughter-in-law and son happy. The state has made my whole family happy. What else can I ask for before I die?'

There was one reported incident in which the receipt of the allowance contributed to deterioration in family relations. Harimaya, a Dalit woman in her early 70s in Budagaon, told the researchers that her family members did not take well her wish to decide how to spend the allowance and it led to a tension in their household. Her receipt of the allowance led to family members discontinuing their support. She did not explicitly refer to the state when describing her situation. She said:

'This might sound like a complaint and I hope this does not get into my son and daughter-in-laws ears. They separated from me because I did not want to give my pension to them. My daughter-in-law kept asking for it. I said I would keep it and use it for the family when needed because the state gave the money to me. Since then the relationship turned sour. She started misbehaving with me. Sometimes she would not give proper food to eat. My son kept quiet and I decided to live separately. My neighbours support me because they understand my situation.'

² Candles made of cotton dipped in oil

8 Social inclusion and community relations

Another assumption of this research is that the receipt of the allowance can generate among Dalits a positive attitude towards the state's efforts to support them and recognise their historical exclusion. Dalits are eligible for the allowance at the age of 60, while other ethnic groups in Nepal receive it only when they reach 70 years. By lowering the eligibility age, the government seeks to provide additional support to a group that has historically experienced high levels of social exclusion and has a lower average life expectancy than other groups.

On the other hand, this measure poses risks for relations between Dalits and non-Dalits. The targeting approach can provoke negative attitudes among other social groups such as the Brahmins, Chhetris and Janjatis included in our study. These effects on social relations can also be manifested in people's perceptions about the state.

The research reveals social tensions between Dalit and non-Dalit beneficiaries associated with the early entitlement clause. Many beneficiaries expressed their discontent with the state's policy of providing Dalits with pensions at an earlier age. The following quotes reflect the views of many other respondents in all study locations:

'If I complain about the age thing, I feel like I will lose what I get. What is the point of getting the allowance at 70? These days people do not survive that long. When my Dalit neighbours get to enjoy their benefit from 60, why can I not? I live a hand to mouth deal like them. I look as old as they do. I do not discriminate against them. I never have. We are all humans who need support. The government should understand that.' (Siddhiman, Brahmin, 79, male, Budagaon)

'Do you know why the other ethnic groups get the pension earlier than we do? I have just started to pay my debt. Had I received the pensions when I was 60 years old, like the Dalit community, I would not have to suffer and lament about the debt all the time. The government does not understand, does it?' (Kamal, Chhetri, 76, male, Budagaon)

The government's approach did not resonate with people's perceptions of social inequalities. The government's effort to offer extra support to Dalits is based on a general assessment of social inequalities in the country based on human development indicators. People's knowledge of social inequalities, on the other hand, is based on their immediate experience of living and interacting with fellow community members. The respondents did not perceive their Dalit neighbours as worse-off than other residents and therefore deserving of greater support. Many non-Dalits experienced hardship and struggled to keep up with difficult living conditions and considered themselves just as insecure and vulnerable as Dalits, and in many instances even worse-off.

Moreover, the respondents were not aware of the government's rationale for Dalits' early entitlement. In particular, they did not know that Dalits were entitled to pensions at an earlier age as they tend to have lower life expectancy than other social groups. The government did not communicate the basis for its approach to the programme beneficiaries, so people were not sure why the government singled out Dalits.

People's view of social justice was strongly rooted in the need to distinguish between the poor and better-off community members. They felt it was unfair for the government to provide extra support to Dalits, who were not necessarily poorer than others in their community; instead, they thought the government could help those who struggled to maintain their livelihoods and required support more than others. As Rambabu (Chhetri, 74, male, Budagaon) stated:

'It seems like the government only cares about Dalit community these days. My neighbour [Brahmin by ethnicity] is so poor that he cannot even send his children to school. He has sent his teenage son to Dang to work. He did not receive a scholarship like Dalit children. It is all about fate. It's all government's fault.'

This notion of need-based support also came from Dalits themselves. For example, Janak (Dalit, 68, male) in Liwang considered it was important for the state to offer extra assistance to older people who did not have family support:

'In my opinion, there should be no age barrier especially for this old-age pension because we grow old similarly. What is the point of providing one group at the age of 60? It is difficult for me to answer when other people ask me. It is like a burden for me and others with a similar ethnic background [Dalit]. I know that there are poor people from other ethnic groups. I have friends of all castes – Chhetri, Brahmin and other castes who live alone and require more support. I have my wife and my sons and daughters. But they have no one. Sometimes I feel like the government must identify those without families and provide more support – it does not have to be monetary but other support such as food and housing – for those who do not have anyone to take care of them.'

The sense of injustice seemed to be especially acute for those who perceived themselves worse-off than Dalits. For example, Reema (72, female, Budagaon) a Janjati beneficiary, lived alone in the high hills of Budagaon, where the access to services was difficult. She believed she was much poorer than many Dalit households and it was unfair to offer them assistance: 'Why can Dalits buy food when they are 60? Do we not need food when we are 60? What kind of policy is this from the state? Is it blind?'

In one instance, social tension associated with the targeting approach translated into a conflict between a Janjati and her Dalit neighbours. Sumnima (female, 74), a Janjati pensioner in Budagaon recounted that she confronted her Dalit neighbour and as a result they are no longer on speaking terms. She said:

'I do not understand why the government thinks only Dalits can be poor. I had no one to look after me since I was 55 years old. My husband left me. I had to wait till I was 70 to be able to receive the allowance. You can imagine how I survived. I am in debt. I survive selling things I produce in the field. I cannot work much these days. When I told a Dalit woman about this, she resented bitterly and said it was not her fault. We do not talk anymore. She is my neighbour.'

Dalit respondents also viewed their entitlement in light of their relations with other groups in their community. They often encountered negative views among other community members and found it difficult to respond to people who asked them why they deserve to receive the allowance at an earlier age than others.

Some Dalit respondents appreciated the broader changes in the Nepali society that have improved the treatment of Dalits. As Nina (67, female) in Budagaon reflected:

'The society has finally given us space and they [people of other castes] do not discriminate as they used to before. That is also something good we [old people from low caste] could see before we die.'

Another Dalit respondent, Harimaya (73, female) in Budagaon said: 'I never thought I would live to see this day ... Things have changed.'

Most Dalit respondents, however, did not link the early entitlement requirement to the government's objective to promote their inclusion. Like others, Dalit respondents did not seem to be aware of the government's rationale for their early entitlement. For example, Harimaya (Dalit, 73, female) in Budagaon was not aware of the reasons for her earlier entitlement and she felt uncomfortable not being able to explain it to a Chhetri neighbour who raised the issue. She said:

'I think people are not really happy that Dalits receive the allowance in their 60s. People of other castes do talk about how they are not getting the amount when they are in the 60s. It is sad. There was a time when a Chhetri woman came to me and said "you all have your day now. You get the allowance this early. What have we done wrong?" I said that is the government who decided and not me. It is a bit awkward. Why do you think have the government done that?'

Nina (Dalit, 67, female, Liwang) shared her sense of guilt for her non-Dalit neighbour who became eligible for the allowance much later than she had. Nina was not sure why there was such a distinction and considered it unfair:

'I feel bad because she started receiving her allowance only two years ago. We get it early – I think the government planned to do so. I do not know why though. Other people question me about why we [Dalits] get it early and I say it is all up to fate. But there should be no rich or poor when it comes to age really. And wrinkles and old age come to everyone at the age of 60 I think. So why the difference?'

The Dalit respondents perceived that their situation was not different from that of non-Dalits and that it would be fair to offer assistance to all older people using the same age threshold. For example, Dadhiram (Dalit, 71, male) in Budagaon said:

'I know that there are people from other ethnicities who also do not have families. I live alone and I struggle. But we [Dalits] get it when we are 60 and they have to wait until 70. I feel bad. They also need the state to take care of them before they are 70. They are all alone and with no one to take care of them. I see my neighbour who is old and he has to do everything himself. He is poor. He struggles to take care of himself.'

Similarly, Krishna (Dalit, 72, male) in Liwang seemed to be unable to justify the reasons for the Dalits' earlier entitlement when community residents from other groups experienced similar problems:

'I like everything that has been done in terms of old-age pensions. It is a blessing for us and the state's mercy on old people like us. But the age thing is difficult to understand. My neighbour who also receives the pension keeps creating conversation on how I was lucky to be able to obtain it at 60. I do feel bad because he is ill and does not have anyone to take care of him. I do not know what to say. I wish the government gave it to every elderly person at the age of 60. But they might have their own difficulties.'

Another respondent Harka (Dalit, 70, male) in Budagaon acknowledged the recognition the state has given to them for long history of exclusion through the allowance. He too however considered it important to provide support to all older persons equally. He seemed to be worried that preferential treatment of Dalits might create resentment and a social divide between different groups. He said:

'I am very happy with the state. We were excluded before from everything. We used to be treated like animals. How can we forget? And if what has come now, from the government as respect for us does not make other people [non-Dalits] happy, then I have no say in it. We deserve to be respected. So I say provide the allowance to every caste at the same age so we do not have to bear the exclusion again.'

9 Delivery of the Old Age Allowance

This section examines benefit delivery and how the beneficiaries' experiences of receiving benefits influenced their perceptions of the state. It explores older people's perceptions of the state in relation to key aspects of benefit delivery, such as the timeliness and ease of registration, accuracy of benefit payment (e.g. provision of full or partial benefits) as well as its frequency, and convenience of benefit payment methods (e.g. through banks, VDC offices or at home).

Previous research (see Samson, 2012; NPC, 2012a; HelpAge International, 2009) has identified several problems in the delivery of the allowance, including the existence of ghost names, the absence of fixed dates for distribution of the allowance, the exclusion of eligible households, and insufficient information dissemination. There are concerns that some beneficiaries may not collect their pension because of the costs involved in travelling to the collection point (KC, 2012). These issues are exacerbated by the inadequate systems for monitoring and evaluation and redressing grievances as well as the limited capacity of VDC secretaries, who are 'overburdened with multiple responsibilities' (Adhikari, 2014).

9.1 Registration process

In order to start receiving the allowance, all prospective beneficiaries need to register with the VDC office once they reach the age of eligibility. The VDC office sets the registration dates, which in the study locations were every six months. The registration dates were usually announced to the villagers.

Most respondents received their benefits immediately after they met the age eligibility criteria, but there were some exceptions. Saili (Janjati, 78, female) from Liwang missed her entire five-year entitlement as she was not aware of her eligibility for the allowance. She reported that she only came to know that she was eligible when her friends and acquaintances told her that she had missed five years of entitlement. For Parimila the processing of the application took more than six months, while for Ratna it took more than a year. Parimila was not aware of the reasons for the delay. In Ratna's case, she missed the registration date and was compelled to register on the next registration date six months later, which eventually resulted in the loss of one year of entitlement.

Many older persons find it difficult to travel to the VDC office on their own and are reliant on their family members to accompany them. A Chhetri woman in her late 70s from Liwang, Bhima, reported that her son and daughter-in-law were too busy to take her to the VDC to register for the pension and she was compelled to accept help from her neighbour.

'I knew about the Old Age Allowance. And I told my son, who is very busy due to his work. I then told my daughter-in-law. They kept saying tomorrow and days passed. I then shared my concern with my neighbour who took me to the VDC office once and helped me. God bless him.'

The respondents reported their satisfaction with the registration process. The actual process of registration was not very complicated. The application procedure itself did not take up much time once individuals reached the VDC office. In order to receive the allowance, prospective beneficiaries need to have identity cards that are issued based on citizenship cards. Most beneficiaries reported that they did not have to put much effort into applying for their identity cards and filling in the application forms. They presented their citizenship cards at the VDC office and provided thumbprints. There were no reports of discrimination by the VDC officials on the basis of caste, ethnicity or gender.

The VDC officials and family members assisted them with the paperwork. Nearly all respondents reported that the VDC officials were very supportive and treated them with respect when they visited the VDC office to file their applications for the first time. Here are some quotations illustrating the respondents' experiences of registration and their opinions of VDC officials:

'They [VDC officials] are all very nice. They guided me throughout the process. They respected me and they still call me *aama* [mother].'(Nina, Dalit, 67, female, Liwang)

Maiya (Chhetri, 71, female) was also pleased with the treatment by VDC officials:

'Everyone in the VDC office and bank is nice. They respect us. Why would they be mean, *bichara haru* [poor things].'

'VDC secretary is a very nice man, by his manners and the way he speaks to us. He has good manners. He is helpful. All the staff are very helpful in the office.' (Rambabu, Chhetri, 74, male, Budagaon)

'Yes, the procedure is not so difficult so I am quite satisfied. The only concern is Rs 500. I wish the state increased it and I say it should.' (Rita, Chhetri, 72, female, Liwang)

Bal Bahadur (Dalit, 67, Budagaon) had a torn citizenship card and it was not easy to read. He reported that the VDC officials helped him to obtain a new citizenship card in order to apply for the allowance.

9.2 Accuracy and frequency of benefit payments

The weak administrative capacity of the government restricts its ability to distribute the allowance every month. Typically, payments in remote areas are made in large instalments, usually twice a year. According to the VDC officials in our study, lump sum payment reduces the time and monetary cost that older people incur for travelling to collect their benefits.

All the respondents were aware of their entitlement to receive Rs 500 per month and reported that they had received the full amount. The beneficiaries received their first instalment of Rs 2,000 on the fourth month, and their second instalment of Rs 4,000 after eight months. The respondents were very aware of the payment dates. They reported that they received information about the payment dates from the VDC office. People visited the VDC office in both in Budagaon and Liwang to find out the exact distribution days or to verify if the initial dates had changed. Dates can sometimes change due to a delay in the transfer of money from the central level or because of logistical constraints. The VDC secretary in Liwang suggested that some older people tend to come from their wards to the VDC office for other purposes and visited the VDC office hoping to collect the money before the payment date (expecting that if they ask for it, they may be able to get it). In Liwang, where the allowance is distributed through the bank, the beneficiaries also made inquiries at the bank.

Those who received information about the payment dates would voluntarily spread the news to the neighbours in their respective wards. The existing social networks in the wards ensured that information about the payment dates was quickly disseminated. Family members facilitated access to information from outside. Pensioners who had families often had better knowledge about the dates than those living alone. Those who lived alone relied on their neighbours. The VDC officials reported that they often sent someone to visit those living alone to inform them about the distribution dates.

The VDC organised dissemination of information through the radio FM channels. There were, however, concerns from the VDC officials that some older persons who had hearing problems or were too frail seldom listened to the radio.

9.3 Benefit payment methods

There were two different methods of benefit payments in the study locations. In Liwang, the headquarters of Rolpa, the beneficiaries collected their allowances from the bank (located in ward 6). In Budagaon, however, there is no bank and people go to the VDC office in ward 3 to collect their benefits. In order to collect their benefits, people need to reach Liwang and Budagaon from their respective wards and wait in a queue to receive their cash transfer.

The system of payments through the bank is relatively new in Liwang. People do not have to deal with the VDC secretary once their registration has been confirmed. They need to present their pension card at the bank and collect their money. Beneficiaries are required to put down Rs 1,000 as a deposit to open a bank account. For poor households in Nepal a sum of Rs 1,000 represents substantial amount, which can easily cover some essential household needs. The respondents expressed their concerns about the need to deposit this money. Many of them travelled to the bank hoping to receive clarification on the reasons for the deposit requirement, but did not receive any explanation. They were frustrated about the fact that the government (VDC officials) did not communicate this requirement to them and explain the rationale behind it. For example, Dammar Kumari (Janjati, 81, female, Liwang) said:

'I have made trips to the bank to understand why they take our Rs 1,000 as deposit when we open an account. They do not give us proper answer. They say it is the system. The government did not warn us on that. Why do we have to put Rs 1,000 as deposit?'

Others, such as Kamal (Chhetri, 76, male, Budagaon), were worried that they may lose their deposits:

'My friend [another pensioner] said the money could be used for funeral after our death. But who will withdraw that money? We need it now. The bank says it is the system. The government has not said anything and it should order the bank to stop doing such injustice.'

The respondents expressed concern about having to travel to other wards to register and receive their pensions. Reaching the collection points often has monetary costs and requires time and physical ability for residents who live in remote wards. In Liwang, residents of ward 4, who live in the hills, need to walk down the hills and hire a vehicle to reach ward 6. In Budagaon, people have to walk for hours up and down the hill before they can take a vehicle to reach the VDC office in ward 3. The lump sum payment method minimises the cost and effort required of older people and their relatives. The respondents nevertheless perceived it as time-consuming, expensive and physically strenuous.

Laxmi, an 80-year-old female (Janjati) recounted the physical and monetary cost involved in collecting her pension. She spent nearly Rs 400 on transportation and food to travel to Budagaon to collect her allowance.

'I have to walk downhill for more than an hour. It is a difficult path. After reaching the bottom I take the vehicle if it is there. A total of Rs 200 is needed for the trip including transportation, which is about Rs 100 for up and down and then Rs 100 for food. Food is necessary. I get tired and I have to eat. There are many like me [pensioners] who do the same thing. We all gather at one place and help each other out. We eat together as well sometimes.'

Nearly all the respondents – both men and women – complained that they had poor health and their travel was tiring. They often needed the help of other family members to accompany them. For example, Dadhiram (Dalit, 71, male, Budagaon) said:

'It is difficult to go to the VDC office to receive the allowance. My back hurts and it is very far from here. It used to be near before but now I have become older and I have problems with my back.'

One respondent, Harka (Dalit, 70, male, Budagaon), said:

'We have to walk two to three hours from here because the VDC office is in ward 3 and it is far. It is very difficult to walk since the path isn't good, especially when it rains. I go with my wife.'

He then criticised the state for not managing the allowance distribution so as to minimise the need to travel and the inconvenience for the recipients:

'What is in providing money when the state does not understand how much we have to suffer when travelling?'

The story of Harimaya illustrates the difficulty that pensioners without family support experience in sustaining their livelihoods (Box 2). It also shows the effort involved in collecting the benefits. Harimaya had a blind husband and did not have the support of her son and daughter-in-law. She was therefore

compelled to collect pensions for both herself and her husband from the VDC office in ward 3 of Budagaon. She also had to perform heavy household chores and caring duties, so collecting pension added yet another challenge for everyday survival.

Box 2: Collecting the allowance in Budagaon

Harimaya, a Dalit woman, is in her early 70s and lives in higher hills of Budagaon in ward 9. She lives with her husband, aged 75, who has very bad eye sight – close to blindness. She has gout and has been ill for a while. Harimaya has a son, a daughter-in-law and two grandchildren who are estranged from her. They live in the same house, but do not share a kitchen. ‘My son does not talk to me at all and it is because of that woman he married’, she recalls painfully. Harimaya owns two pigs, ten chickens and five goats. She has a small land by her house where she can grow maize and some vegetables. This means that in addition to looking after herself and her husband, she needs to work in the field, collect fodder for her cattle, and feed the pigs and chickens.

She was compelled to travel to the VDC office to collect her and her husband’s pensions. It takes three hours or sometimes more depending on the rain to reach the VDC office and collect the allowance. Moreover, she has to plan days ahead because she is worried that her husband will not be able to feed the cattle and that he may not eat food himself. On the day she is supposed to collect the allowance, she wakes up two hours early and prepares food – both lunch and supper – in case she arrives late, so as her husband can manage to eat something. She mentioned that sometimes she could take the vehicle halfway through to reach the VDC but they charge around Rs 60 one way, which according to her is expensive. She also has to buy tea, lunch or snacks to sustain herself on the journey.

She fears that if she falls ill during the allowance collection time, no one would be able to collect it for her and her husband. She told us how her neighbour fell down and hurt her knees while walking to collect her pension. She said: ‘Poor woman. It was difficult for all of us to take her down to ward 3. We had to pay some man to carry her up and down. If you lived here, you would know how difficult it is to survive. Sometimes there is no path due to rain. Sometimes poisonous snakes bite people while walking. What can we do?’

Harimaya asked the VDC secretary if they could start distributing the money in people’s own wards: ‘I asked the VDC Secretary to distribute the pension in our ward itself. It is difficult to walk three hours up and down the hills. I wish the government understood our plight’. She was disappointed with his response that ‘it was not up to him to decide’.

Respondents in both Liwang and Budagaon criticised the government for ignoring the cost and effort involved in collecting the benefits. They were vocal about the need to change the existing benefit delivery methods and distribute the allowance in the wards. For example, Sumnima (Janjati, 74, female) in Budagaon said:

‘The central government is not able to implement and manage the [pensions] programme smoothly. In some remote places, people have to carry their old parents on their back and walk more than a day just to receive the allowance. Why don’t those VDC Secretaries who might be of 35-40 years old go to those remote areas and distribute the allowance to those who can’t even walk. The state should pay attention to such things.’

Motilal (75, Brahmin, male, Liwang) refer to the fact that the pension distribution was administered by VDCs at the local level and that the central government had a limited role in managing it. He believed the limited involvement of the central government contributes to the inadequacies:

‘The central government is not able to implement this programme effectively. It is because it only has indirect involvement. The local level government takes care of the rest. The central government does not know what is happening here. People struggle to get their money and break their backs when they walk. If only money was distributed at the ward level. That is why it is not satisfactory.’

Similarly, Bal Bahadur (Dalit, male, 67, Budagaon) spoke about the need for the central government to be more involved in managing the distribution. He too believed the government needed to change the payment system:

'The central government does not manage the implementation of the pension well. The state should first ensure the security of the VDC Officials and the cash they carry and instruct them officially to distribute the allowance in each ward.'

10 Conclusions and policy implications

This section summarises the research findings and draws policy implications for enhancing the effectiveness of the Old Age Allowance in meeting people's needs and priorities and fostering positive state-society relations.

10.1 Social pensions and perceptions of the state

The research suggests that the Old Age Allowance in Nepal has indeed influenced people's perceptions of the state. These perceptions relate to people's assessment of how well the state fulfilled the main objectives it set out to achieve through the establishment of pensions. These objectives can be considered as the main premises of the social contract in Nepal and they include the government's commitment to institutionalise social support for older persons, contribute to people's well-being, and promote social inclusion. People's perceptions were also linked with a range of other factors, including the effects of pensions on empowerment, family and community relations as well as the process of benefit delivery and people's experience of receiving the benefits.

The research reveals that an individual can have multiple – positive and negative – perspectives of the state, which are associated with specific experiences and programme impacts. For example, Laxmi appreciated the state for recognising older person's role in the society and supporting their livelihoods; at the same time, she complained about the small value of the benefits and high cost imposed by the need to travel to collect benefits. Similarly, Motilal was pleased that the state 'respected' him by offering the pension, yet he was critical for the small benefit amounts and limited involvement in managing benefit delivery. In another example, Nina was not happy with the amount of the benefit and she did not appreciate the government's decision to grant early entitlement to Dalits, but she was happy with the support she received from VDC during registration. These findings caution against categorical portrayal of citizen-state relations. Thus, it is important to recognise that various perceptions can often co-exist; perceptions have a 'situational' nature and they are associated with a specific facet of state-society interaction.

People's perceptions of the state can be summarised as follows:

10.1.1 Institutionalising social support for older people

The respondents appreciated the state's commitment to establishing pension entitlements and offering regular income support to older people. Despite the low value of the pensions they received, they did feel valued and recognised. Most beneficiaries thought it was the responsibility of the state to support older people who have no other means of earning income and whose livelihoods are entirely dependent on their families. They felt that state support was important for reducing the vulnerability of older people as well as for relieving the burden on their families. The respondents were concerned about older people who lived without family support and believed that state assistance for these people was especially important.

These results resonate with the findings from other research in Nepal. For example, the survey of 1,694 recipients of the Child Grant in Karnali suggests that provision of the Child Grants generated positive perceptions about the state (Adhikari et al., 2014). The respondents reported that the Child Grant (which offers Rs 200 [\$2] per child per month – less than the Old Age Allowance) shows the state's commitment to supporting them. 93% of beneficiaries felt that the introduction of the Child Grant was an indication that the government cared about their socioeconomic situation, and 85% said it had improved their opinion of the government.

10.1.2 Contribution to people's well being

People acknowledged the positive role of the allowance in fulfilling their practical needs. Pensions contributed to the food, health care and education-related expenses of older people and their households. At the same time, the respondents expressed dissatisfaction with the state because of the limited value of the allowance. They criticised the state for not assessing their needs properly. They expressed a wish that the state increase the value of the pensions. The respondents were especially concerned about the limited adequacy of the allowance for older persons who could not rely on family support.

10.1.3 Social inclusion and community relations

The beneficiaries did not link their early entitlement to the government's objective of promoting social inclusion. In fact, most beneficiaries seemed to be unaware of the actual rationale behind the targeting approach. Dalits' earlier pension entitlement generated tension between Dalits and non-Dalits. The respondents were not aware of the government's rationale and felt that its approach did not fairly reflect the reality in their communities. In their experience, many non-Dalits experienced high levels of poverty, but the government only prioritised the needs of Dalits. Some beneficiaries thought it important for the state to offer extra support to older people who struggled to make a living, while others preferred that pensions were offered to all older persons equally, without age differentiation.

10.1.4 Empowerment and family relations

The research suggests that providing income support can have a positive effect in terms of empowering older people in their households and their relations with other family members. The opportunity to contribute to their families generated positive perceptions of the state among some beneficiaries. There could also be negative consequences, as was the case of Harimaya for whom the receipt of her pension provoked family tension. It remains to be explored whether negative experiences in the household sphere translate into altered perceptions of the state.

10.1.5 Benefit delivery

The beneficiaries were satisfied with the process of registration and most respondents were able to receive their pensions once they reached the age of eligibility. They were pleased with the support of VDC officials during registration. The respondents reported that they received the full amount of their entitlement and that they were generally aware of the payment dates. The beneficiaries expressed serious concerns about the delivery mode of the allowance. In particular, they complained about the need to travel long distances to collect their benefits and criticised the central government for disregarding the cost and inconvenience this causes. The beneficiaries were unhappy about the need to deposit Rs 1,000 in order to be able to receive their benefits from the bank in Liwang. Several beneficiaries appeared to be frustrated with the lack of communication from the government about the deposit requirement and its justification.

The Maoist insurgency originated in Rolpa in 1996 resulting in violence, deterioration of essential services and infrastructure and a massive decline in living standards. However, the respondents did not see the pensions as part of the post-conflict reconstruction efforts of the Nepali state. In fact, none of the respondents mentioned the conflict in connection to the Old Age Allowance.

10.2 Policy implications

The research offers valuable insights into the beneficiaries' experiences, concerns and priorities and enables lessons to be drawn for improving the Old Age Allowance programme. Adjustments in programme design and implementation can help enhance the contribution of the allowance to people's lives and livelihoods. This in turn can help foster positive perceptions of the state and contribute to state legitimacy.

These policy measures include increasing the benefit value, equalising the eligibility threshold, improving the benefit delivery capacity of VDCs, facilitating convenient and cost-free access to benefits, promoting effective information-sharing and outreach, and introducing sectoral improvements for inclusive service delivery.

10.2.1 Benefit value

It is clear that the pension benefit contributes to people's livelihoods but is not sufficient to fully address all their basic needs. Most beneficiaries continue to rely on support from their families. Increasing the value of the benefit could help better support older people and their families. Increasing the value of the allowance is especially important for single older people who do not have families to support them.

The government can adopt a 'progressive' approach to strengthening the Old Age Allowance (Hagemejer and Schmitt, 2012). In particular, considering existing budget constraints, the benefit value could be increased incrementally, as economic growth allows. Samson (2012) maintains that the limited public finance base did not prevent the government from establishing a universal social pension programme nor repeatedly increasing the benefit's value since. This signals a clear commitment of the Nepali government to dedicate public funding to improving the effectiveness of the programme.

There are reports that the value of the transfer may be increased. For example, there have been media reports that the government is planning to increase allowance from Rs 500 to Rs 750 per month (*The Kathmandu Post*, 2012). An article published in *The Kathmandu Post* newspaper in January 2014 highlights that the Kathmandu Metropolitan City (KMC) has allocated a Rs 6.5 million annual budget for the Old Age Allowance and is planning to provide Rs 10,000 monthly to people aged 88 years or older residing in the KMC area in 2014 (Kharel, 2014). There are an estimated 1,200 people who are eligible for this benefit top-up.

10.2.2 Targeting approach

As the research shows, the programme's targeting approach can exacerbate social divisions and inequalities through what may be perceived as preferential treatment for Dalits. The lower eligibility threshold signifies an attempt by the government to recognise the lower life expectancy of Dalits and introduce greater inclusiveness in social support. While it is justifiable that people with lower life expectancy can access benefits at an earlier age, beneficiaries do not seem to have much knowledge or understanding of the rationale of this approach. As the majority of older people struggle to sustain their livelihoods, it is not apparent to them that Dalits have greater needs and should be entitled to receive state support ten years earlier than other similarly poor individuals.

Considering the potential for social tension, it would be sensible to equalise the eligibility requirement for all social groups. Again, this can be done incrementally, by slowly decreasing the age threshold for other groups to 60 years of age. The government is reportedly planning to reduce the minimum age requirement from 70 to 65 years (*The Kathmandu Post*, 2012). Meanwhile, it is crucial that the government provides adequate information to communicate the rationale for the early pension entitlement to all population groups, including Dalits and non-Dalits.

10.2.3 Distribution of the allowance

There is a need to change the benefit payment method to reduce the material and physical cost incurred by beneficiaries in collecting their benefits. In particular, the allowance could be distributed to beneficiaries' homes. This would be challenging considering the limited administrative capacity of VDCs. Distribution is certainly costly, but this cost is currently borne mainly by beneficiaries themselves, which undermines the value and utility of transfers. Therefore, strengthening the capacity of VDCs to manage benefit delivery must be a priority for the central government.

10.2.4 Access to banks and payment options

There needs to be greater coordination between VDCs and the banks that in some locations are responsible for benefit distribution. In particular, VDCs must carry out outreach and information campaigns to communicate to people the requirements for opening bank accounts and collecting benefits from banks. It is imperative that the government negotiates with banks preferential conditions for beneficiaries of public transfers, so that they are not required to provide a deposit. Alternatively, the government needs to create payment options that do not require a deposit or any extra costs for beneficiaries.

10.2.5 Information sharing

The research highlights the need for better outreach and information sharing at the local level. As mentioned earlier, this concerns communicating the substance and rationale of policy, such as the early eligibility entitlement for Dalits. It also relates to the existing requirements for registration and benefits payment options.

The role of the central government is crucial in building the capacity of local governments for outreach and information dissemination. This includes issuing regulations with uniform requirements and procedures for outreach and information dissemination across all local areas. It also necessitates allocating resources that can support local government efforts to better communicate with local residents. These efforts must be undertaken in relation to all social protection benefits and not only the Old Age Allowance. This can help minimise costs and enhance the effectiveness of social protection programmes.

The study locations of this research all had a Citizen's Charter which provided information about eligibility and application procedures for social services and benefits. In order to enhance accountability and transparency in public service delivery, the government of Nepal institutionalised the Citizen's Charter in 2005 across all local governments. It is important to include information about the Old Age Allowance in Citizen Charters. While many older people cannot read the Charter themselves, their family members or people in the community will be able to access information and communicate it to prospective beneficiaries.

10.2.6 Improvements in public service delivery

Provision of cash transfers must be viewed in close connection with the delivery of essential services. More specifically, cash transfers cannot be expected to cover the full cost of health care and education. Rather, inclusive service provision arrangements can help reduce these costs and facilitate access and utilisation of these services. At present, the provision of health care and education is highly inequitable and imposes a huge cost on ordinary citizens. People pay for using public health care at the secondary level. As public service provision in both health care and education is often substandard, many choose to go to private health care providers or send their children to private schools. Introducing fee waivers and other sectoral improvements could reduce the cost of accessing services and help ensure that social protection transfers are spent on other essential needs.

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