

► Research Brief

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Challenges and Opportunities Around Contribution-based Social Security in Nepal

Findings from Stakeholders Interviews and Focus Group Discussions

Key Points

- The need and importance of social security is well recognized amongst workers and employers;
- Many workers and employers have limited knowledge about social security, and the benefits of participating in schemes implemented by the Social Security Fund (SSF). Moreover confusion around the role of pensions, provident funds and gratuity benefits was persistent;
- Despite knowledge gaps, workers in the informal sector demonstrated interest in participating in the SSF schemes, while employers are concerned with costs and the administrative effort of participating in social security;
- Larger employers do not seem to fully understand the value of SSF, while small and medium enterprises have a more positive perception of the schemes;
- Simple and easy communication materials, together with sensitization and capacity building programmes are needed to improve the knowledge on social security among workers, employers and the media;
- The SSF should invest in compliance mechanisms, service delivery and client relations to build public trust on the institution.

INTRODUCTION

As part of the technical assistance provided by the ILO to the Social Security Fund of Nepal (SSF)¹, a series of consultations² with workers, employers, their representative organizations as well as journalists was conducted to explore the knowledge, perceptions, and behavioural barriers towards contribution-based social security. The objective of the consultations was to explore

existing challenges and opportunities in extending contribution-based social security to all workers in Nepal.

A full report of the consultations was produced, and this brief intends to summarize the findings and key points of the consultations.

SUMMARY OF FINDINGS

The findings from the focus group discussions (FGD) and key informant interviews (KIIs) have exposed a number of challenges and opportunities regarding knowledge,

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² The consultations were implemented by Niharika Production (NIP) Pvt. Ltd, on behalf of the SSF and the ILO. The consultations included a total of eight FGD and 18 KIIs with 80 participants. FGDs were conducted with workers and employers in the informal and formal sector, across various sized enterprises.

attitude and perception among employers and employees. The followings are some of the general findings of the consultation:



Brick kiln workers carry heavy loads with little protection.

- The need and importance of social security was well recognized and understood amongst workers and employers;
- Knowledge and understanding regarding social security schemes, including the benefits and eligibility criteria, were low amongst workers and employers alike;
- There are still negative attitudes and perceptions towards the social security scheme amongst some workers, employers, and journalists.

Perception of workers

- There is interest amongst workers in the informal sector to register to the social security schemes;
- Workers enrolled in the schemes reported that maternity protection schemes as being highly valuable, and responding to their needs and priorities;
- Misunderstanding and knowledge gaps in the differences between provident fund, gratuity, and pensions were quite common amongst workers;
- Workers in larger enterprises were not interested in enrolling in the SSF due to concerns of receiving lower benefits than what they are currently entitled to;
- Workers also expressed concerns on the fact that the collective bargaining provision established under the Labour Act, 2074 does not apply to social security contributions and benefits.

Perception of employers

- Social security is seen as a financial and administrative cost amongst employers in the informal sector;
- Employers value the employment injury protection scheme, especially from small and medium enterprises;
- Employers from within the large enterprises had some understanding of the social security schemes, however, there was misunderstanding and lack of clarity regarding the responsibility of the employers towards provision of benefits beyond what is currently offered by the SSF.

RECOMMENDATIONS

The need to improve and strengthen communications and awareness with regards to social security schemes was a key recommendation that emerged from the consultations:

- Respondents highlighted a need for simple and easy to understand communication materials;
- Docudrama, radio jingles, television public service announcements were identified as key options for dissemination;
- Mobilization of unions and other workers' organizations to inform, educate, and increase awareness around the various schemes and the benefits covered were identified as key medium for communication;
- Sensitization and capacity building programmes on the fundamentals of social security amongst employers, workers, and journalists should be a priority; and,
- Developing mobile application for workers to access individual information on their contributions and other updates would improve service delivery and bring the customers closer to the service point.

It was also highlighted that there is a need to improve monitoring and compliance mechanisms on the side of the SSF. Some workers complained that many employers tend to make irregular deposits.

Moreover, there is a need to strengthen service delivery, especially, regarding claim management including verification, payment, and settlement. The SSF needs to build trust with workers and employers through continuous dialogue and improved service delivery, including strong communication and outreach activities to better inform workers and employers on the various schemes and benefits.

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