



► Policy Brief

December 2022

Child labour and social protection in Nepal¹

Key points

- **Nepal has nearly 1.1 million children in child labour**, accounting for 15 percent of the population of children aged 5-17 years.
- **Social protection systems are essential in the fight against child labour** as it reduces family poverty risks and vulnerability and supports livelihoods and school enrolments.
- In Nepal, the **pandemic increased the prevalence of child labour**, with the number of working children increasing **from 2 percent to 10 percent**.
- Cash transfers and income security in old age had a positive impact on reducing or preventing child labour. **Only 13.7 percent of children between the ages of 0-14 in Nepal had access to income support in FY 2020-21.**
- School feeding or take-home rations has meaningful impacts on school enrolment and attendance, hence potentially generating reductions in children's work. **In the same FY, 52 percent of children had access to at least one in-kind social protection benefits.**
- Ensuring that sufficient resources are allocated for social protection for children and their families is essential for providing an adequate level of protection, including preventing and reducing the risk of child labour. **In FY 2020-21, social protection expenditure for children in Nepal was equivalent to only 0.22 percent of the GDP.**
- **Explicit linkages to social protection in the National Master Plan for Elimination of all forms of Child Labour (2018-2028)** can facilitate dialogue and coordination towards making social protection more responsive to child labour.

► 1. Introduction

1.1 Context

There are 62 million children in child labour in the Asia-Pacific Region, accounting for 7 percent of the population of children, according to the 2017 Global Estimates on Child Labour. Twenty-eight million of them are in hazardous work, mostly in agriculture (57.5 percent) but also in mining, brick-making, and domestic work. The

involvement of children in the other worst forms of child labour (WFCL) such as in forced labour and trafficking, Commercial Sexual Exploitation of Children (CSEC), and armed conflict also exists.

Nepal alone has nearly 1.1 million children in child labour, accounting for 15 percent of the population of children aged 5-17 years, according to the preliminary findings of a recent ILO Nepal Child Labour Report (2021). Out of them,

¹ The brief was developed by Suravi Bhandary, André F. Bongestabs, and Narayan Bhattarai from the ILO Country Office for Nepal.

222,493 are in hazardous work, exposing them to unsafe and unhealthy working conditions. The second National Master Plan on child labour has unveiled 17 different sectors with high potential of child labour. Out of these 17 sectors, occupations related to agriculture, domestic work, brick-production, entertainment, transportation, and construction are considered to be the ones with the highest prevalence of working children. A recent survey conducted by ILO in collaboration with Central Bureau of Statistics (CBS) unveiled that nearly 17,000 child labourers are involved in brickmaking in the country, mostly seasonal migrant workers from different rural parts of Nepal and India.

1.1 million in Nepal are in child labour accounting for 15 percent of the population of children between 5 and 17 years.

Social protection systems are essential in the fight against child labour as it reduces family poverty risks and vulnerability and supports livelihoods and school enrolments. While the Government of Nepal (GoN) has made significant developments in the extension of social security as well as in the reduction of child labour, potential pathways to enhance social protection schemes to fight child labour in Nepal needs to be developed with clear and comprehensive linkages between the two.

This policy brief looks at the extent to which social protection is supporting the reduction and prevention of child labour in Nepal and provides recommendations on how to further leverage the national social protection system to better protect children.

1.2 Poverty and shocks driving child labour

Poverty and shocks play a key role in driving children to work.² Children work because their families rely on their wages or domestic work (including unpaid and care work, often performed by girls) to make ends meet. High prevalence of child labour is usually associated with high

rates of poverty and informality, low coverage of social protection, and exclusion from education.³ Additionally, covariate shocks that affect communities, regions, or countries, such as natural disasters, health epidemics, environmental calamities, political crisis, and economic risks that often result in loss of income, are also key drivers of child labour.

Evidence shows that the prevalence of child labour is higher in rural than in urban areas and that the issue is most prevalent in the agriculture sector.⁴ There are significant consequences of child labour that range from physical to mental harm – sometimes even death, slavery, sexual, and economic exploitation.⁵ A recent study on the causes and consequences of child labour in Ethiopia showed that child labour reduces years of schooling for children resulting in missing educational qualifications and higher skills – thus, perpetuating intergenerational poverty, as well as physical neglect resulting in a lack of adequate provision of food, clothing, shelter, and medical treatment.⁶ Child labour is a human rights violation that exacerbates social inequality and discrimination and threatens children's future.

The recent pandemic has further shed light on the impact of shocks and poverty on child labour – confirming globally that families usually turn to child labour as a coping mechanism in times of shocks.⁷ In Nepal, the pandemic increased the prevalence of child labour, with the number of working children increasing from 2 percent to 10 percent, with many children working on daily wages in restaurants, agriculture, transportation, and construction, and often in hazardous environments.⁸

1.3 Social protection and child labour

Social protection ensures that people enjoy income security, have effective access to health and other essential services, and are empowered to take advantage of economic opportunities. Well designed and implemented social protection schemes can have significant effects on: (i) reducing poverty and preventing impoverishment on the loss of job or income; (ii) enhancing households' access to essential services, such

² ILO, "Child Labour and Social Protection".

³ ILO and UNICEF, *The role of social protection in the elimination of child labour: Evidence review and policy implications*, 2022.

⁴ ILO and UNICEF, *Child Labour: Global estimates 2020, trends and the road forward*, 2021.

⁵ UNICEF, "Child Labour".

⁶ ILO, "Causes and Consequence of Child Labour in Ethiopia".

⁷ ILO and UNICEF, 2021.

⁸ UNICEF, *Child and Family Tracker Survey*, 2021.



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as health and education; (iii) improving households' resilience to shocks; and, (iv) increasing investments in assets and human capital, including by improving child development through better access to nutrition, education, and wellbeing.

All forms of social protection measures can have an impact on child labour. In a recent simulation done by the ILO-UNICEF (2021), the estimated impact of social protection on child labour was substantial.⁹ Within the context of the pandemic, the modelling exercise showed extending social protection coverage reduced the number of child labourers by 15.1 million by the end of 2022 globally.¹⁰ On the contrary, slippage in coverage resulted in a predicted 46.2 million additional children entering child labour through the end of 2022. In both scenarios, the biggest changes occurred amongst the youngest children in child labour.¹¹

By providing regular income and/or in-kind support and access to health care, or aiding households in the face of economic or health shocks, social protection can effectively reduce the need for households to resort to child labour as a precautionary or coping strategy. Effective social protection for children includes a combination of contributory and non-contributory measures.¹² These include:

- Cash and in-kind transfers enhance income security for families and have been a proven means of protecting children from poverty and improving access to education (through scholarships) and health care.
- Public employment programmes provide income for the unemployed and underemployed, and the income replacement function it provides could diminish the need for households to resort to child labour, although causation and impact between the two needs to be further explored.
- Social health protection ensures access to health care and offers financial protection in case of sickness and protects against catastrophic health expenditure.
- Maternity benefits allow for caring for new-born children and replace the mothers' lost income.
- Schemes for people with disabilities and employment-related injuries or diseases can replace the income loss from temporary or permanent loss of labour capacity.
- Old age pensions contribute to the economic security of the household as a whole and often increase expenditure on children; and,
- Unemployment protection provides at least partial income replacement in cases of job loss.

Cash and in-kind transfers enhance income security for families and have been a proven means of protecting children from poverty (...)

However, it is important to note that social protection, while a powerful tool, does not guarantee a reduction in child labour. For example, while access to cash benefits can reduce the demand for child labour and increase household investment in children's education, such transfers can also lead to households investing in productive assets such as livestock or agricultural inputs that can potentially increase the demand for child labour.¹³ Therefore, as noted by ILO and UNICEF (2022), the design features of social protection programmes, such

⁹ The model uses the latest poverty projections to predict changes in child labour up to 2022. The selected model includes a single poverty line (\$3.20 a day line in 2011 purchasing power parity dollars), two control variables (age group and region) and social protection coverage (proportion of the population protected in at least one area of social protection) (ILO and UNICEF 2021, p. 84).

¹⁰ The percentage point change in coverage level were: (i) +/- 0.7 for low-income groups; (ii) +/- 6.6 for lower middle income; (iii) +/- 11.1 for upper-middle income; and (iv) +/- 19.8 for high income groups (ILO and UNICEF, 2021, p. 57).

¹¹ ILO and UNICEF, 2021.

¹² ILO and UNICEF, 2022.

¹³ ILO and UNICEF, 2022.

as the transfer amounts, regularity of payments, as well as its predictability and duration, are important in determining the impacts of social protection on child labour. Moreover, child labour is also largely influenced by national child labour legislations and enforcement capacity, social norms, local markets, infrastructure, and access to schooling.¹⁴ These need to be accounted for implementing any measures to effectively reduce child labour.

1.4 Overview of the evidence

Impact evaluation of social protection programmes conducted by Guilbert et al.,¹⁵ provides information on the evidence base of the impact of social protection programmes on child labour. The impact was measured against some of the SDG Indicator Metadata from SDG Indicator 1.3.1 that included: (i) transfer programmes aimed at families with children (maternity protection, cash and in-kind transfers, and integrated social protection programmes); (ii) public employment programmes; (iii) unemployment protection; (iv) income security in old age; (v) social protection of people with disabilities; and, (vi) social health protection.

According to the synthesized findings of the impact evaluation reported by the ILO and the UNICEF, **unconditional and conditional cash transfers and income security in old age had a positive impact on reducing or preventing child labour.**¹⁶ Cash transfers represented an important source of income security for households with children and had a positive impact on reducing children's participation in paid work outside the household. Likewise, most of the evidence on income security in old age showed that children living in households with an old-age pension recipient were less likely to work, and the transfers improved child literacy, school enrolment, and reduced hazardous work.

Public employment programmes and integrated social protection ("cash plus") programmes had mixed impacts. For example, combining cash transfers with social health insurance and information campaigns on child labour had positive outcomes for child labour, but cash transfer programmes with livelihood promotion interventions posed risks for children. Similarly, unless

public employment programmes had adequate transfer levels and regular payment, it presented risks of child labour for older children drawn to increase their participation in productive activities.

There was limited evidence available on in-kind transfers and social health insurance. School feeding or take-home rations had meaningful impacts on school enrolment and attendance, hence potentially generating reductions in children's work. Likewise, new studies on social health insurance generally confirmed that children living in households covered by social health insurance were less likely to experience child labour. Social health insurance also had positive effects on schooling. However, more research is needed to draw clearer conclusions on the impact of these two measures on reducing child labour.

Finally, there were no evidence base available on the impact of maternity, unemployment, and disability protection on child labour.



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¹⁴ ILO and UNICEF, 2022.

¹⁵ N. Guilbert et al., *The Impact of Social Protection on Child Labour in Low- and Middle-Income Countries: Evidence Review and Policy Implications*.

Background Paper (Florence: UNICEF Office of Research – Innocenti, Forthcoming).

¹⁶ ILO and UNICEF, 2022.

► 2. Child labour in Nepal

2.1 Legal provisions related to child labour in Nepal

Nepal ratified the UN Convention on the right of children in 1990, which drew the attention of all stakeholders in the development sector to children's right. Child labour came into Nepal's development arena in the early 90's with the publication of reports on the use of children in handmade woollen carpet industries. The 2015 Constitution of Nepal establishes the rights of children and makes provision for freedom from exploitation. In specific, Article 29 ensures everyone's rights against exploitative works like forced labour, trafficking, and slavery. Article 39.4 further states that *"No child shall be engaged in any factory, mine or similar hazardous work."* The Child Labour Prohibition and Regulation Act, 2000, and the Act Relating to Children, 2018 are two key legislations protecting children's rights and prohibiting and regulating child labour and children's work in the country.

The Government adopted the **Child Labour (Prohibition and Regulation) Act (CLPRA) in 2000**. The Act defines the minimum working age as 14 years for children to enter employment. The Act also regulates the work of children between the ages of 15 – 17 years with a view of keeping children's work safe and healthy. It bans children's work from hazardous occupations and forced labour. The law has also made provisions to punish employers employing children and imposes fines and penalties against child labour. The Ministry of Labour, Employment, and Social Security (MoLESS) is responsible for the enforcement of the CLPRA, 2000. The Ministry has adopted a second **National Master Plan (NMP-II) (2018 – 2028)**¹⁷ to eliminate child labour. It has also adopted an **Action Plan** in 2022 to implement the NMP-II.

Another key piece of legislation directly contributing to eliminating child labour is the **Act Relating to Children, 2018 (ARC)**. The ARC, 2018 takes a rights-based approach in protecting children and has a wider scope than the CLPRA, 2000. The Act has incorporated clauses protecting children from exploitation and banning child labour below the age of 14 years (article 7 Sub-article 6 and 9). The

Ministry of Women, Children, and Senior Citizens (MoWCSC) is responsible for the implementation of the ARC, 2018.

In addition to the CLPRA, 2000 and the ARC, 2018, there are several other laws related to reducing child labour and enhancing child protection in Nepal. These include, **the Labour Act, 2017, the Contribution-based Social Security Act, 2017, the Act Relating to Free and Compulsory Education, 2018, and the Social Security Act, 2018** (discussed in the next section). Effective enforcement of the Labour Act, 2017 can significantly contribute to mitigate decent work deficits in the labour market, thereby improving the living standards of the working class that are vulnerable to child labour. The free and compulsory education law is also a key legal framework to reduce barriers for children in accessing education and keeping them away from labour.

► **The Child Labour Prohibition and Regulation Act, 2000, and the Act Relating to Children, 2018 are two key legislations protecting children's rights and prohibiting and regulating child labour in the country.**

It is important to note that despite progress, there are still gaps and contradictions on different clauses in laws related to child labour. For example, the legal working age is 14 years, as per the CLPRA, 2000, however, the rights of compulsory and free education is guaranteed for children up to 13 years of age only. This shows legal gap of one year to address the transition from education to work. There is also a lack of policy coordination in relation to the age threshold to work in hazardous occupations in the CLPRA, 2000, and the ARC, 2018. The CLPRA, 2000 has set 18 years as the legal age to work in hazardous

¹⁷ The first National Master Plan was implemented during 2004 – 2014 and has significantly contributed to reducing child labour. The second National Master Plan was adopted in 2018 by the Government in

collaboration with all the development partners, including the ILO and the UNICEF. The Plan intends to eliminate child labour in the worst forms by Mid-July 2023 and all forms of child labour by Mid-July 2026.



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occupations, while the ARC sets it at 14 years in hazardous work, domestic work and Kamlhari,¹⁸ without defining these terms. These contradictory provisions need further review and amendment so that enforcement is effective.

The MoWCSC has also been working on child labour issues under its mandate and framework of institutions. It has a 10-year **National Master Plan (2012 – 2022) against Trafficking (focusing on trafficking and transportation of women and children)** and organizing various programmes and interventions to combat women and children’s trafficking in collaboration with civil society organizations (CSOs) and other development partners in Nepal.

2.2 Institutional mechanisms

Institutional mechanisms are important factors for the implementation of laws and policies. Child labour, being a cross-cutting issue, needs a well-coordinated and combined effort from all relevant institutions and stakeholders. The NMP-II on Child Labour has tried to bring on board all relevant ministries, departments, and other stakeholders for its full implementation, which is reflected in the Action Plan as well. MoLESS and MoWCSC are two ministries with key responsibilities in the area of child labour. The Child Labour Elimination Cell under MoLESS is responsible for coordinating, supervising, and

maintaining discourse on the elimination of child labour. Similarly, the Alliance 8.7 Secretariate¹⁹ is responsible for the coordination with other ministries/departments and stakeholders on issues related to child labour. The 11 labour offices are mandated with labour inspection and settlement of labour disputes. The MoWCSC works to enforce child protection and child rights issues through the National Child Rights Council. The Child Protection and Development Section under MoWCSC is responsible to coordinate, supervise, and implement all policies and programmes for child protection and child development; and, the Human Trafficking and Transportation Control Section is responsible to coordinate, supervise, and implement all works/activities to control trafficking of women and children in Nepal.

The institutions authorised to look after children’s issues at the Federal Level are also mandated to work on child labour issues. At the Provincial Level, the Social Development Ministry is authorised to work on child protection and child labour issues. However, the structures and capacity of the Provincial Government to work on children’s issues is yet to be strengthened. At the Local Level, children’s issues are normally included under either the **social, education, or women’s sections**. Despite these variations in institutional mechanisms at the Local Level, the Local Governments are in the process of appointing or designating a “**Child Welfare Officer**” (**CWO**) in all Municipalities. So far, 203 Local Governments



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¹⁸ Article 7.9 of the ARC, 2018 has set 14 years for starting employment in hazardous activities, domestic work or to work as Kamlharis. Kamlhari is a system of employing girls from Tharu communities by the landlords as domestic labourers for a year’s period. The parents are paid nominal salary for the whole year for the children’s work. This system was prevalent in Tharu communities in the Far-West but now is banned by the Kamaiya Labour Prohibition Act, 2000.

¹⁹ Alliance 8.7 Secretariat, established with the financial and technical support of the ILO and UNICEF is stationed within the premises of the MoLESS in Nepal. It provides support to the MoLESS to lead the SGD-8.7 activities and facilitates the work of High Level Coordination Committee (HLCC) formed under the secretary of the MoLESS.

have already designated an official to work also as CWO. This is a good step to have at least one official designated to mainstream child labour and child protection issues at the Local Level.

2.3 Key characteristics of child labour in Nepal

Child labour is an outcome of several socio-economic factors ranging from high fertility rates to poor education, poverty, and natural disasters, as well as the value systems and culture of a society. The forms and sectors in which child labour is more prevalent vary over time and is also affected by changes in the economy. Agriculture, being the key subsistence economy in Nepal, has the highest prevalence of working children. According to the 2021 Nepal Child Labour Report, more than 78 percent children are involved in agriculture. The nature and level of exploitation and associated risks vary from sector to sector. Children working with their families on own-consumption production or services are less likely to be exposed to exploitative and harmful work environments than children working in industries, workshops, or supply chains for full employment. Children working under labour contractors away from their homes or parents/guardians are often working in more exploitative conditions and bear high risks of violence and abuses. In all these situations, children are deprived of their fundamental rights like education, care, and recreation.

In general terms, child labour in Nepal has four key characteristics (see Table 1). The first includes **children staying with their parents and supporting them for own production and services**. If these children are below the age of 14, they are considered child labour. However, children aged 15-17 years can support their parents in light work if they work less than 36 hours per week, and the work is not harmful to children's health, security, and morale. The second category consists of **working children in employment for wage and profit**. The child in this category may be working under a labour contractor or directly employed by the employer for wages.

Nepal also has a significant number of **children in debt bondage**, often associated with the status of their parents, which consists of the third category of child labour. Many children from ex-bonded labour communities (Kamaiya, Haliya) and Haruwa-Charuwa communities fall under this category. These children are often in debt bondage with their parents and spend their time working in fields or houses of debt-owners. Finally, Nepal also has a significant number of **street children**, often roaming along roads, staying in squatters, selling products, or begging, which constitute the fourth category.



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Table 1: Key typology and characteristics of child labour in Nepal

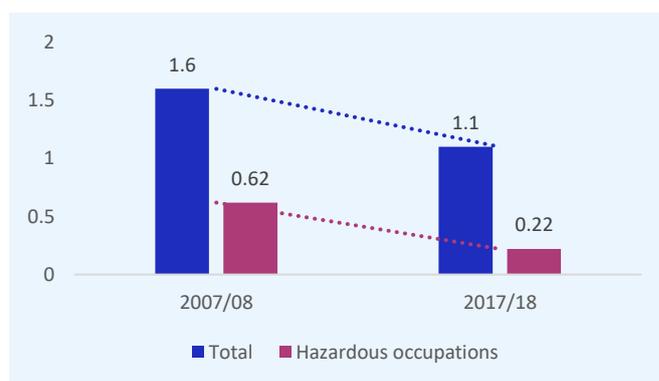
S. No.	Typology	Key characteristics	Sectors/areas	Legal provisions
01	Children working with their parents in light work.	Staying with parents/guardians and working to support production of own goods or providing care/support to family members. These children may continue their education, but in either case have less time for recreation and education. Less exploitative and low risks of extreme exploitation, wages are not paid.	Agriculture and domestic work	Children under the age of 14 working with their parents is considered as child labour. 15 – 17 years children are allowed to do non-hazardous works during daytime up-to 36 hours/week (Child Labour Prohibition and Regulation Act (CLPRA, 2000))
02	Children in employment (directly with employer or through labour contractors)	Staying with relatives, such as extended family members who often work as labour contractors, out of their home. Exposed to high risks of violence, harassment, and trafficking. Often get very minimal wages (may be directly paid to their parents/guardians).	Brick kilns; Carpets; Garments; Hand embroidery; Small hotels/teashops; Transportation	Employing children below the age of 14 years is banned by the law (CLPRA, 2000)
03	Children in debt bondage	Children support their parent's work with landlords as an interest of the debt or pay-back of the debt. The parents often are in forced labour conditions.	Agriculture sector (to some extent also in carpet and embroidery)	Debt-bondage of parents automatically brings children into bondage (worst form) (CLPRA, 2000)
04	Street children	Street children often seen selling products or begging in the streets	In the streets particularly in cities like Kathmandu	The Act Relating to Children, 2018

2.4 Facts and figures of child labor in Nepal

Child labour poses a serious challenge in Nepal's development as children's situation is a key indicator in the future of a country's human development.

The 2018 Nepal Labour Force Survey (NLFS III) data indicates a decreasing trend of child labour in Nepal in comparison to NLFS II, 2008. The trend shows an even sharper decrease in child labour in hazardous occupations (0.625 million in 2008 to 0.22 million in 2018). Employment of children in formal businesses stands at 268,000.²⁰ This indicates that the child labour in formal sectors is decreasing significantly. However, despite this decreasing trend over the last decade (see Figure 1), the prevalence of child labour is still significant (1.6 million child labour in 2008 to 1.1 million in 2018) in Nepal.²¹

Figure 1: Child labour trends (in million)



Source: CBS, 2018 and ILO, 2021.

The National Master Plan (2018-2028) on Child Labour has mentioned 17 different sectors of child labour in Nepal. While the GoN, in collaboration with development partners like ILO and UNICEF, has initiated significant efforts to capture data and statistics of working children in the last two decades gaps still exist. There is limited research in specific sectors to see the prevalence of child labour at the national level. The hand-made carpet

²⁰ Nepal, Central Bureau of Statistics (CBS), *Nepal Labour Force Survey 2017/18 – Report*, 2018.

²¹ ILO, *Nepal Child Labour Report*, 2021.

industry, which was reported to have the highest prevalence of child labour some decades ago, now report a substantial decline. A recent survey done by the World Vision Nepal²² showed 6.67 percent and 1.63 percent of the workforce in child labour in carpet and garment sectors, respectively. The brick production sector is reported to have a significant number of child labour in recent years. A recent survey done by ILO, UNICEF, and CBS unveiled that the brick industries in Nepal had 17,032 (10 percent of the workforce) child labour (see Figure 2).²³

► **Figure 2: Scenario of children and child labour in brick kilns**

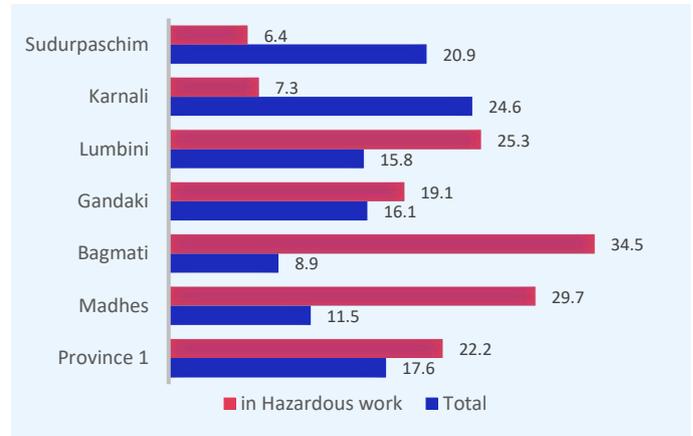


Source: ILO, UNICEF, and CBS, 2020.

Only 4 percent of children working in brick kilns had access to education.

The 2021 Nepal Child Labour Report has also estimated child labour in provinces. It indicates that the provinces with lower human development indices (Karnali – 24.6 percent and Sudurpaschim – 20.9 percent) have higher proportion of child labour in general compared to other regions. However, the proportion of child labour in hazardous occupations are in opposite directions, meaning the provinces with urban cities and industrial belts are found to have more proportion of child labour in hazardous occupations than the provinces with rural setups (see Figure 3).

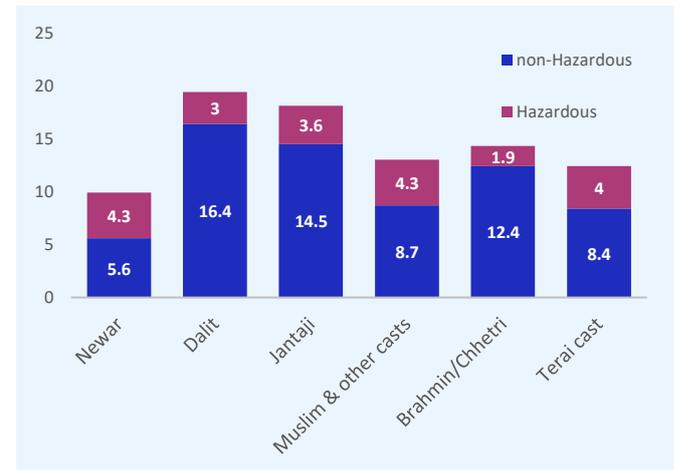
► **Figure 3: Proportion of child labour in provinces**



Source: ILO, 2021.

The 2021 Nepal Child Labour Report also provides caste and ethnicity-based distribution of child labour in Nepal. The proportion of child labour in the Dalit²⁴ community is the highest (16.4 percent) followed by Janajati (14.5 percent) and the lowest (5.6 percent) in the Newar community (see Figure 4 for details). The findings suggest an impact of discriminatory practices in society and access to education as key factors of child labour in Nepal.

► **Figure 4: Proportion of child labour in communities**



Source: ILO, 2021.

²² World Vision International, *Changing State and Prevalence of Child Labour in Carpet and Garment Industries in Nepal: Findings from a Nation-Wide Survey*, 2020.

²³ ILO, UNICEF and Nepal, Central Bureau of Statistics, *Employment Relationship Survey in Brick Industries in Nepal*, 2020.

²⁴ Dalit refers to the caste in Nepal who were discriminated from the society as untouchable in the past. Despite having a law to ban untouchability, the practice is yet to be abolished in the society.



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2.5 Child labour and education

Education is an important determinant of child labour. Laws, policies, and resources allocated to the accessibility of education (especially primary education and early childhood development programs) play a key role in child labour reduction. Despite encouraging net enrolment rate (97.4 percent) in primary classes 1-5,²⁵ drop-out rates are high in the country. Drop-out rate for primary level education (Class 8) stands at 25 percent.²⁶

Nepal has 7 million working children²⁷ who are involved in different work including schooling. Out of them, 29.6 percent children were found to be involved in at least one activity²⁸ related to producing goods for their own final use, and 36 percent were found to be involved in at least one activity²⁹ related to providing a service for own final use. This indicates that a significant number of children are involved in supporting families with household chores. Despite every working child not considered a child labour, the involvement of children in work significantly disrupts their education and negatively impacts their performance in schools. Less time for school, homework, and study may result in poor performance in schools, which is positively correlated to high drop-outs.

The same survey also suggests a declining trend of school attendance for working children. 80 percent of boys and slightly less percent of girls at the age of 5 years are found to be in schools. This percentage drops to 20 percent and

5 percent for boys and girls, respectively, at the age of 17 years, showing a gender disparity in school retention. This indicates alarming drop-out rates of children from school who enter the labour market without reaching the legal age for employment.

2.6 Impact of Covid-19 on children

2.6.1 Disruptions in learning and education

Similar to other countries in the world, COVID-19 has adversely affected the education sector in Nepal. There were significant setbacks to education as lockdowns and school closures resulted in a break in normal schooling. Schools were closed for eight to nine months during the first and second wave of the pandemic in Nepal. During the school closures, some of the private schools in urban areas managed to run online classes in line with the Government’s “Learning Continuity Campaign.”³⁰ However, a large majority of children could not entertain online classes due to a lack of access to the internet, computer and/or electricity. Based on UNICEF’s 2021 Child and Family Tracker Endline Report, which included 5,208 respondents, 41 percent reported that their children were not studying at all.



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²⁵ Nepal, Ministry of Finance (MoF), *Nepal Economic Survey 2020/21*, 2021.

²⁶ Nepal, MoF, 2021.

²⁷ Nepal, CBS, 2018.

²⁸ NLF 2017/18 has mentioned 5 different categories of work of children on own-use production. They are subsistence food production or

processing; manufacturing household goods; fetching water; collecting firewood; and construction.

²⁹ Nepal, CBS, 2018.

³⁰ UNICEF, [Continuing children's education in Nepal during the COVID-19 pandemic](#).

A 2021 report by Human Rights Watch on the impact of COVID-19 on child labour in Nepal, Ghana, and Uganda, reported that children in poor households were hardest hit as the parents lost their regular income for survival and children's care.³¹ UNICEF family tracker study reported loss of jobs observed as high as 60 percent in Nepal in July 2020 when the pandemic was at its peak.³² In Nepal, nationwide school closures combined with a lack of access to distant learning and income loss of parents contributed to an increase in child labour.³³ Many families, especially those surviving on daily wages, were vulnerable to further exploitation, such as debt bondage and trafficking, in turn putting their children at risk of child labour. As reported by Human Rights Watch (2021), many children interviewed worked *"at brick kilns, carpet factories, gold mines, stone quarries, fisheries, and in agriculture. Some worked as mechanics, rickshaw drivers, or in construction, while others sold items on the street, such as masks, brooms, or food."*

2.6.2 Health and other risks

COVID-19 has also had a direct impact on children's health and nutrition. Lack of sufficient food intake has resulted in

high health risks for children and lactating mothers. The situation is further exacerbated in marginalized communities like Dalits and indigenous communities, households with persons with disability, and female headed households. The UNICEF Family Tracker Survey reports 1 in 5 households not getting sufficient food for daily meals.³⁴ Provinces Madesh, Lumbini, and Karnali Pradesh reported reducing children's dietary intake.³⁵ The UNICEF (2021) reported that a worrisome finding during the COVID-19 lockdown was the low rate of breast feeding normally and a significant number of respondents worrying their children were becoming too thin.³⁶

Another impact of COVID-19 has been an increase in reporting violence against women and children. Certain households had a higher prevalence of violence: Dalit headed households, female headed households, households with at least one person with a disability living with them and households whose heads have a higher level of education were more likely to report witnessing violence against women and children.³⁷



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³¹ Human Rights Watch (HRW), *Covid-19, Poverty, and Child Labor in Ghana, Nepal, and Uganda*, 2021.

³² UNICEF, *Child and Family Tracker: Tracking the Socio-Economic Impact of COVID-19 on Children and Families in Nepal*, January 2021.

³³ HRW, 2021.

³⁴ UNICEF, *Assessing Impact and Opportunities for Child and Family-Friendly COVID-19 Response in Nepal*, December 2020.

³⁵ UNICEF, December 2020.

³⁶ UNICEF, *Equity Focused Assessment of Secondary Effects of COVID-19 on Families and Children in Nepal: An Endline Report*, May 2021

³⁷ UNICEF, May 2021.

► 3. Social protection for children in Nepal³⁸

Social protection is at the forefront of the development agenda in Nepal, given its positive social and economic impacts, and a key priority of the Government of Nepal (GoN). The Constitution of 2015 recognizes social protection as a right to all citizens, explicitly in Article 43:

“Right to social security: The indigent citizens, incapacitated and helpless citizens, helpless single women, citizens with disabilities, children, citizens who cannot take care themselves and citizens belonging to the tribes on the verge of extinction shall have the right to social security, in accordance with law.”

This is further reinforced in Article 33 on the Right to Employment, Article 41 on the Rights of Senior Citizens, and Articles 37, 40, 42 highlights that women, Dalit, vulnerable groups, and indigenous communities under threat of disappearing, respectively, should receive special attention to access social protection. Furthermore, the Constitution also establishes social protection as a shared responsibility between Federal, Provincial, and Local Governments. The 15th National Development Plan recognizes social protection as one of the nine drivers for transformation in the country and sets the goal “...to make social security and protection sustainable, universal, and accessible, for the implementation of civil rights and to strengthen the trust of citizens towards the state.”

To operationalize the right to social protection, several recent pieces of legislation, including social protection provisions, were introduced, such as the Civil Service Act (Third Amendment 2014) and the Labour Act 2017. More specifically, the Social Security Act (2018) provides a legal framework for the social assistance schemes targeted to vulnerable populations, including children, the elderly, disabled, and marginalized ethnicities. The Health Insurance Act (2017) provides the framework for social health protection, while the Contribution-based Social Security Act 2017 (CBSSA 2017) provides the legal framework for social insurance covering eight of the nine branches set out in ILO’s Social Security (Minimum Standards) Convention, 1952 (102).

The GoN runs a varied portfolio of social protection programmes in the country. These programmes can be

categorized under employment-related schemes, social assistance, and labour market programmes. **Employment related schemes** include public pensions, contribution-based social security, and social insurance programmes. **Social assistance programmes** include non-contributory programmes (income or in-kind support) such as cash transfers, scholarships, health subsidies, school feeding, and social welfare services. **Labour market programmes** include skills training, vocational education, and entrepreneurship support. The current landscape of social protection programming is fragmented, with approximately 30 programmes implementing 76 schemes across several ministries.³⁹

3.1 Child focused social protection programmes in Nepal

Based on international evidence, social protection measures play an important role in improving children’s development and wellbeing and are an essential mechanism for realizing children’s rights. Conversely, lack of social protection in early life increases the chances of poor nutrition, low educational outcomes, unemployment and underemployment later in life, and eventually poverty and deprivation, and ultimately transfer of the same



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³⁸ Reference for this section is from ILO, *Extending social protection to all: An analysis of protection gaps*, Forthcoming.

³⁹ UNICEF, *Social Protection Budget Brief*, 2020 and World Bank, *Social Protection: Review of Public Expenditure and Assessment of Social Assistance Programs*, 2021.

deprivations to the next generation. With 40 percent of the population under the age of 18 years (and 28 percent under 15), social protection investments in children and adolescents are important in shaping national development.

The GoN implements a combination of income support programmes (through cash transfers) and in-kind benefits for children and their families. These include:

3.1.1 Income Support

- **Social Security Allowance (SSA):** Cash transfers to children through three different schemes:
 - **Child Grant** for children between the ages of 0 to 5 (NPR 532/month) that covers Dalit children nationally and all children in 25 districts.
 - **Disability Allowance** for children with severe and full disabilities (between NPR 2128/month and NPR 3990/month depending on the severity of disability); and,
 - **Endangered Ethnicity Allowance** for children belonging to endangered/indigenous ethnicity (NPR 3990/month).
- **Survivor's Pensions:** Implemented under the Social Security Fund, the protection ensures entitlement to education allowance⁴⁰ for children of contributors in the event of his/her death.⁴¹

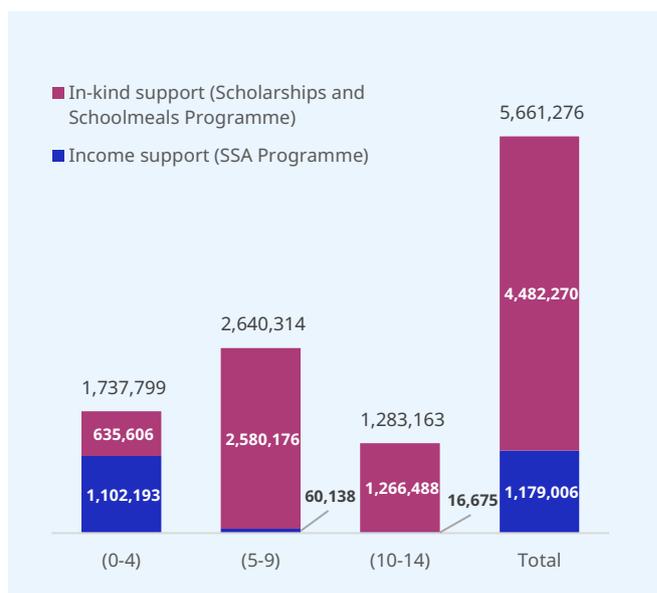
3.1.2 In-kind support

- **School Meal Programme:** Provision of one mid-day meal in schools to improve nutrition among school going children in ECD to grade 5 in all public schools. In FY 2020-21 the programme was implemented by the Government in 71 districts and by the World Food Programmes in 6 districts.
- **Scholarships:** Schemes for scholarships target Dalits, girls, children with disabilities, conflict affected, martyr's children, endangered and marginalized ethnicities, freed Kamlhari, and poor targeted scholarships ranging from grades 1 to 12.⁴² The benefit levels of scholarships vary widely across the schemes ranging from NPR 33/month for Dalits and girls (estimated to constitute

80 percent of all scholarship beneficiaries) to NPR 2000/month (with higher benefits reaching a small fraction of the total beneficiaries).⁴³

Figure 5 provides a comparative chart of the total number of beneficiaries across the income and in-kind support programmes for children.⁴⁴

► **Figure 5: Total number of beneficiaries across social protection programmes for children, FY 2020-21**



Source: ILO, Forthcoming.

3.2 Children covered by social protection

To anchor analysis on legislation and to reflect the mix of social protection programmes in the country, the note reports coverage beyond the SDG 1.3.1 measurement, and includes in-kind benefits to assess how social protection programmes can have a positive impact on reducing child labour. Approximately **65.7 percent of children between the ages of 0-14 were covered by at least one social protection benefits in FY 2020-21**. There was no large difference in coverage across gender, with girls having a slightly better coverage than boys. Approximately 67.8 percent of girls between 0-14 had

⁴⁰ Children of the deceased contributor who have not completed 18 years of age will be entitled to a monthly education allowance of up to 40 percent of the last basic remuneration. If there is more than one child, then a maximum of two children are entitled to 40 percent of the basic salary, divided among them.

⁴¹ Currently, the coverage is negligible due to the recent implementation of the scheme, thus, not included in the analysis of coverage.

⁴² World Bank, 2021.

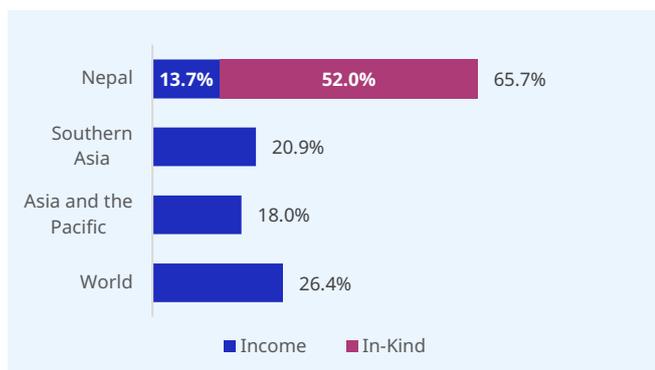
⁴³ World Bank, 2021.

⁴⁴ A significant overlap between the beneficiaries of the School Meal Programme and Scholarships is assumed, as their target groups are very similar. The assessment has reported the highest number of beneficiaries in the two programmes by age group.

access to at least one social protection benefit, in comparison to 63.8 percent of boys.

However, when observing income support only, **effective coverage for SDG indicator 1.3.1 reduced by more than a third to 13.7 percent**. Comparing Nepal's coverage to regional and global averages as per the SDG indicator, the country is lagging behind (see Figure 6).

► **Figure 6: Proportion of children covered by social protection benefits**



Source: ILO, Forthcoming.

Only 13.7 percent of children had access to income support in FY 2020-21.

Evidence on the positive impact of cash transfers for families with children in reducing child labour is extensive; however, the main provision available is the Child Grant under the SSA programme. Currently, the grant covers all children under the age of five in 25 districts and Dalit children nationally, reaching almost 1.2 million children. Although the GoN is implementing a phased approach to reach universal coverage for the Child Grant, the legal provisions around the scheme do not specify universal protection. Considering that cash transfers were identified as the most effective social protection measure to help reduce and prevent child labour, **accelerating the expansion of the Child Grant scheme to reach all children is a powerful way to reduce child labour in the country**. However, improving the grant's transfer amount is also important, as it will be discussed in the next section.

Most of the evidence shows that children living in households with an older person receiving pension are

also less likely to work. While an impact analysis on the effects of old age pension on child labour in Nepal hasn't been conducted, it is important to note that approximately 80.2 percent of those over the age of 60 receive at least one form of social pension, which can potentially lead to positive outcomes on child labour. The universal component of the old age pension can be further utilized for integrated social protection approaches. For example, combining cash transfers with an information campaign on child labour has proven to be a promising strategy for reducing child labour.

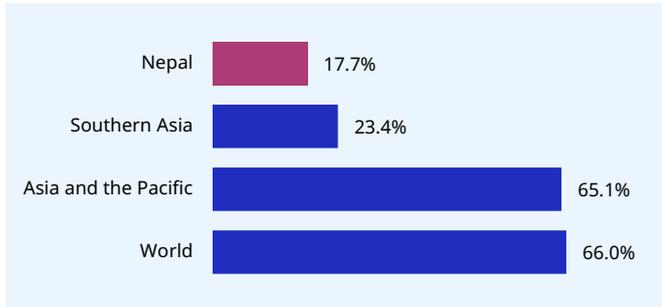
The GoN implements **a substantial number of interventions that consist of in-kind benefits**, such as the School Meal and the Scholarship programmes. The two programmes alone reach approximately 4.5 million children, which constitutes half the population aged 0 to 14. Evidence shows that school feeding has been associated with lower participation in economic activities; however, the value of the in-kind transfer is an important parameter for programme effectiveness in reducing and preventing child labour.⁴⁵

While evidence based on the **impact of social health protection on child labour outcomes** is limited, there is consistent reporting that social health protection can reduce child labour both in the presence or absence of health shocks. Coverage of social health protection is increasing rapidly, **but only 17.7 percent of the population** is affiliated to a social health protection scheme, significantly below regional and global averages (see Figure 7 for details). The introduction of the national health insurance scheme has increased access to health protection to thousands of Nepalis since 2018. Participation in the insurance is mandatory for all, but contributions from low-income households are subsidized. The Social Security Fund offers a similar package of health benefits – which is also mandatory – but it is limited to the worker, except in a few circumstances. The low reach is also a result of the recent implementation of the two programmes.

17.7 percent of the population are affiliated to a social health protection scheme.

⁴⁵ ILO and UNICEF, 2022.

► **Figure 7: Effective coverage for health protection,⁴⁶ 2020 or latest available year**



Source: ILO, Forthcoming.

3.3 Adequacy of benefits

The minimum level of income security should allow for life in dignity and should be sufficient to provide effective access to a set of necessary goods and services.⁴⁷ While ILO Recommendation 202 allows for provisions to be nationally defined, benefits should be set at levels that relate directly to the actual cost of providing for a child and should represent a substantial contribution to that cost. Adequacy of social protection benefits is key for positive impacts on child labour. Based on the overview of evidence by the 2022 ILO-UNICEF report, *programmes with higher transfer amounts determined stronger reductions in children's work, while adverse or minor impacts on child labour were attributed to low amounts.*

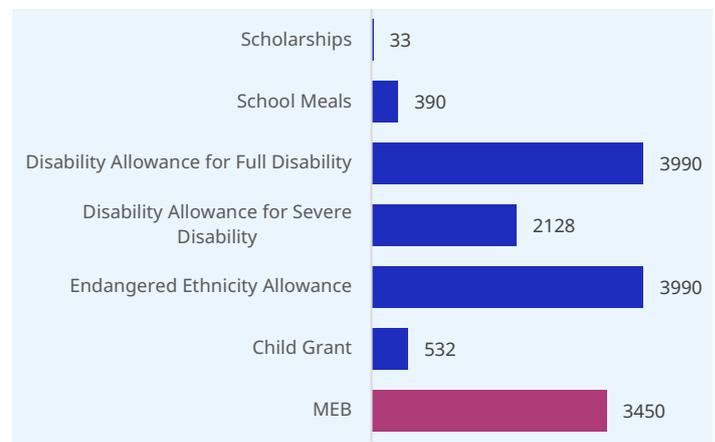
Transfer values varied widely across existing programmes for children. Figure 8 shows the different transfer values across key schemes. The benefit levels of scholarships vary widely across the schemes ranging from NPR 33/month for Dalits and girls (estimated to constitute 80 percent of all scholarship beneficiaries) to NPR 2000/month (with higher benefits reaching a small fraction of the total beneficiaries).⁴⁸ Due to a lack of administrative data on the various categories of scholarship programmes and its beneficiaries, the analysis focuses on scholarships for Dalits and girls that are estimated to reach over 2 million of the total 3.2 million beneficiaries.⁴⁹ However, it would be important to note that the measure on adequacy for scholarships focuses on

two categories only and is likely to underreport adequacy for other categories with higher scholarship value.

The midday meals were costed at an average of NPR 15 per meal per day provided each day throughout the school year.⁵⁰ In a given month, with an average of 26 school days, the value of transfer was computed at NPR 390/month. The monthly transfer values of the Child Grant, Endangered Ethnicity Allowance, and the Disability Allowance for severe and full disability are NPR 532, NPR 3990, NPR 2128, and NPR 3990, respectively.

Ensuring adequate social protection requires sufficient resources to be allocated for children and families. While the **Minimum Expenditure Basket (MEB)** is not equivalent to a transfer value, i.e., the value of assistance given, it is an indicative measure of what a household requires to meet their essential needs on a regular or seasonal basis. Figure 8 provides a comparison of the transfer values of the six programmes against the MEB of NPR 3,450/person/month.⁵¹

► **Figure 8: Comparison of transfer value in NPR per month across the key social protection provisions for children in FY 2021-22 against MEB**



Source: ILO, Forthcoming.

The amount of transfer values of all programmes except the Full Disability Allowance and the Endangered Ethnicity Allowance is low in comparison to household needs based on either of the four categories. Of equal importance is that the value of the MEB does not take into consideration the special allowance needs for persons with disability. So,

⁴⁶ Percentage of the population covered by a social health scheme (protected persons).

⁴⁷ ILO, *World Social Protection Report 2020-22: World Social Protection Report 2020-22: Social protection at the crossroads – in pursuit of a better future*, 2021.

⁴⁸ World Bank, 2021.

⁴⁹ World Bank, 2021.

⁵⁰ World Bank, 2021.

⁵¹ Cash Coordination Group, *Minimum Expenditure Basket (MEB) and Multipurpose Cash Transfer Value*, May 2020.

while the benefit amount may be comparable to measures of expenditure and consumption, it may not reflect the reality of the special needs.

The adequacy of benefits for the Child Grant, the Scholarships, and the School Meals is very low. For example, the monthly benefit of the child grant is equivalent to only 4.6 days of a child’s minimal consumption needs. The food value for the MEB is equivalent to NPR 2,250/month. The value of a school meal is one-sixth of the monthly cost of food requirement per person. The transfer value of the scholarships is the lowest and stands at NPR 33/month.⁵²The adequacy of benefits is low even when comparing the transfer value to the 2010 poverty line of NPR 1,605/month (NPR 19,262 in a year) which is not adjusted to inflation.

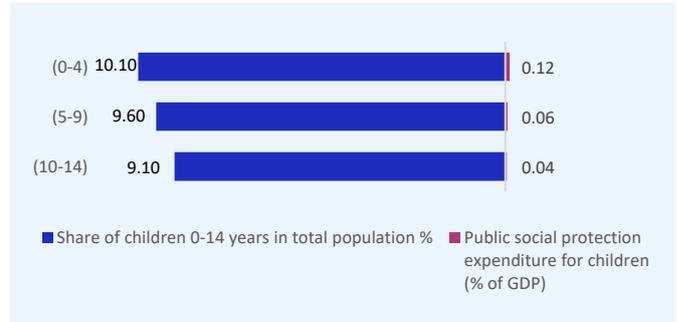
► Adequacy of child-focused social protection programmes is very low.

3.4 Investments in social protection for children

Ensuring that sufficient resources are allocated for social protection for children and their families is essential for providing an adequate level of protection, including preventing and reducing the risk of child labour. Social protection coverage and adequacy gaps identified for children in Nepal in the previous section are linked to the underinvestment of the group. Social protection (for income and in-kind programmes) expenditure for children was NPR 9.4 billion in FY 2020-21, which is equivalent to only 0.22 percent of GDP. The average expenditure level is particularly striking, given children aged 0-14 constituted 28.7 percent of the total population in Nepal in the same year.

Breaking down the composition of the population by age further (see Figure 9), those between the ages of 5-14 have the lowest level of investment as the cash grant (for those under the age of 5) does not reach this group.

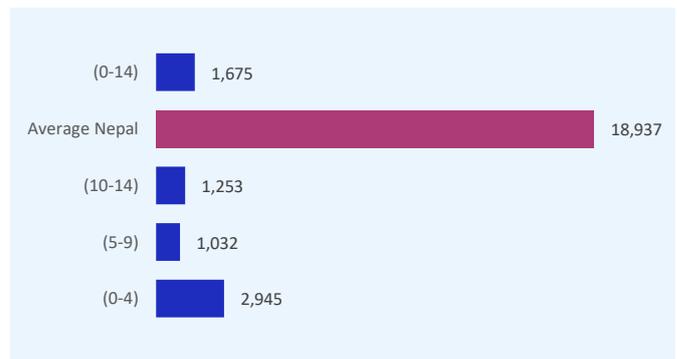
► **Figure 9: Public social protection expenditure on children (% of GDP) and percentage of children in the total population in FY 2020-21 by age group.**



Source: ILO. Forthcoming.

The average annual investments on children per beneficiary was approximately NPR 1,675 in FY 2020-21 with some variation across the three sub-age groups (see Figure 10). Children in their early years (0 to 4) received the highest average investment, a reflection of the Child Grant cash transfers, while the group aged five to nine years received the lowest investment level, as only the School Meals Programme has significant coverage in this group.

► **Figure 10: Average annual expenditure (NPR) per beneficiary in FY 2020-21 by age group.**



Source: ILO, Forthcoming.

When compared to indicators such as the annual MEB per capita of NPR 41,975, or the national poverty line of NPR 19,262 in 2010, it is clear that social protection investments on children are insufficient and are likely not producing the impacts they could if investments were higher.

Adequate investments on social protection for children is critical. This investment in early life increases the chances

⁵² It would be important to note that the measure on adequacy for scholarships focuses on two categories only and is likely to underreport adequacy for other categories with higher scholarship value.

of good nutrition and high educational outcome and prepares children to undertake productive labour activity once they reach working age, ensuring employment and, eventually, a more secure life. Adequate social protection

for children will help them to grow up healthy, well nourished, and develop physically and cognitively to fully enjoy the benefits of education and is a major factor in preventing child labour.⁵³

► 4. Leveraging social protection for child labour

4.1 Potential pathways to enhance social protection schemes to fight child labour in Nepal

Social protection systems are essential in the fight against child labour as it reduces family poverty risks and vulnerability and supports livelihoods and school enrolments. While the GoN has made significant developments in the extension of social security as well as in the reduction of child labour, potential pathways to enhance social protection schemes to fight child labour in Nepal needs to be developed with clear and comprehensive linkages between the two established. The following section presents recommendations on how the GoN can leverage social protection in the fight against child labour.

4.1.1 Legal frameworks and coordination on social protection and child labour

► An important milestone for the GoN has been the adoption of the National Master Plan for Elimination of all forms of Child Labour (2018-2028) (Master Plan) that aims to eliminate the worst form of child labour from the country by 2022 and all forms of child labour by 2025. The Master Plan has developed strategies to achieve its objectives, which include effective implementation of child labour-related legal and policy framework; enhancing capacities of stakeholders working against child labour; prompt search and rescue, monitoring, and rehabilitation of child labourers; extending support to the children at risk and the members of their families through various programmes; and strengthening coordination and associations with the stakeholders.

Although social protection does not feature directly on the Master Plan, there are clear links to proposed **Strategy 4** of the plan:

► *“To provide necessary support through directly targeted programmes to the children vulnerable to child labour and their families.”*

Making explicit linkages to social protection in the Master Plan can facilitate dialogue and coordination towards making social protection more responsive to child labour.

► **Legal provisions, especially for cash-based programmes should aim at universal coverage.** Targeting in social protection programmes are often used to address issues around fiscal resource constraints. But within the context of Nepal targeting is not effective due to: (i) high rates of poverty and near-



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⁵³A. Bonilla Garía and J.V. Gruat, *Social protection: A life cycle continuum investment for social justice, poverty reduction and sustainable development*, 2003 (Geneva: Switzerland).



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- poor households, especially those with young children;
- (ii) dynamic nature of poverty and the need for regular data; and (iii) low level of administrative capacity, especially in Local Government.⁵⁴ Furthermore, international experiences have shown that targeted social protection programmes often do not reach their intended beneficiaries (and have high exclusion as opposed to inclusion errors), increases administrative costs, and are not understood nor well seen by communities.⁵⁵

⁵⁴ UNICEF, *An expansion strategy for Nepal's Child Grant*, 2016.

⁵⁵ Stephen Kidd and Diloá Athias, *Hit and Miss: An assessment of targeting effectiveness in social protection with additional analysis*, Working Paper: June 2020.

"When tested against their effectiveness in reaching their intended recipients, the errors were high across all programmes and registries errors. Brazil's Bolsa Familia scheme – which uses a simple means-test – was the most effective, yet still excluded 44 per cent of its intended recipients" (Kidd and Athias, 2020, ii).

4.1.2 Ensuring all children have access to social protection

- Given the positive impact of cash and in-kind transfers and social health insurance, it is important to **increase coverage of these schemes**. The Child Grant under the SSA currently is universal only for children under the age of five in 25 districts and for Dalit children nationally – more than 60 percent of children under 5 are left unprotected. Likewise, health insurance only reached 4.5 million of the entire population. **Ensuring universal roll-out of these schemes to everyone, as quickly as possible is critical to ensure positive gains in the fight against child labour.**
- There is a significant gap in coverage of social protection programmes with income security components for households with pre-teens and teens. Older children pose a high-risk factor in their attempt to enter productive activities at an early age, and **improving income security measures for children aged 10-14** can protect them from working from an early age, and help keeping them in school.
- It is also equally important to **protect families against income shocks** to ensure that they do not have to rely on their children's labour to complement income. Extending contributory social security to the informal sector, particularly those depending on agriculture, to protect families from a wide range of risks and shocks can smooth consumption for families. It is also equally important to implement the provision for unemployment insurance, which provide temporary income replacement to families, thus, freeing them from reliance on child for income.

4.1.3 Improving the impact of those already covered

- **Improving adequacy levels of Child Grant** is imperative to ensure it makes a significant contribution to household income. This is because a minimum level of income security should allow for life in dignity and

"Poverty-targeted schemes were also not particularly effective in reaching the poorest 20 per cent of their intended category. Only one programme – the Philippines' Pantawid programme – reached over half of the poorest 20 per cent of its intended category (households with children). Poverty-targeted programmes were consistently found to be excluding over half of the poorest quintile of their intended category" (Kidd and Athias, 2020, iii).

should be sufficient to provide effective access to a set of necessary goods and services. As it currently stands, the monthly benefit of the Child Grant is equivalent to only 4.6 days of a child's minimal consumption needs. While those more vulnerable to child labour have some level of priority in accessing the Child Grant (e.g., universal coverage for Dalit children), the amount being paid to the families may not be sufficient to prevent child labour effectively.

- Similarly, School Meals Programme can be a powerful incentive to keep children in school, while improving nutrition outcomes. However, investments need to match the needs for a well-balanced diet. The average value allocated for School Meals in FY 2020-21 was one-sixth of the monthly food cost requirement per person.
- Cash transfer programmes, while not targeting children in specific, have a significant reach in Nepal, with approximately 3.5 million beneficiaries enrolled in the SSA programme. **Integrating the cash component with informational campaigns (cash plus)** on child labour and child-sensitive messaging can have positive impacts on child labour.

- **Adequate investments on social protection for children is critical.** This investment in early life increases the chances of good nutrition, high educational outcome, lowers the risk of child labour, and prepares children to undertake productive labour activity once they reach working age ensuring employment and eventually a more secure life.
- **Building a social protection system that is responsive to the needs of the children is imperative for the realization of their rights as well as for the national development of the country.** The impact of COVID-19 on children's health, education, and well-being were multifaceted, ranging from stunting, malnutrition, insufficient cognitive development to barriers in accessing schools and essential health service (lack of access to immunization, ante-natal, and post-natal care). Building a system that responds to the needs of children is important in the realization of universal social protection and the fight against child labour.



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