

Poverty in Nepal: Characteristics and Challenges

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Abstract

The official data as of 2010/11 affirms around 25 percent Nepali live under absolute poverty line. The poverty line is derived at annual per capita earning of \$225 as of 2013 December. There are debates whether the poverty line really defines basic necessities of survival. On contrary, the Human Poverty Index shows 44 percent of Nepali are deprived of basic education, health and access to resources. Achieving sustainable human development is highly regarded and committed development goal in Nepal as elsewhere. However, the existing poverty indicators are putting a serve challenge how really these goals can be achieved by a defined target of 2020. Distribution of poverty across the country varies with high severity in rural mountain and low in urban areas. Despite illustrating development efforts, there is still a sharp divide in development inputs, process and outcomes. The development policies of Nepal have less room to criticise. However, the implementation status and results explain different but gloomy phenomenon. Being poor means having multiple characteristics which denies recognition, share in resources and opportunities, participation in decision making and influencing the processes that affect themselves which as a result challenges their survival freedom. Empowering poor, disadvantaged and marginalized and developing their wealth asset including education, health and employment must be the central agenda of the development planning in Nepal in order to achieve sustainable human development.

Keywords: Poverty, human development, poverty gap, challenges, Nepal

1. Background

The recent Nepal Living Standard Survey (NLSS) 2010/11 shows that 25 percent of Nepali people are below the absolute poverty line. The official monetary poverty line in local prices is NRs 19,261 (Central Bureau of Statistics [CBS], 2011) per person per year. This is approximately 225 US dollars as of April 2013 transaction rate¹. It implies that a Nepali consuming approximately 0.6 dollar a day is considered as non-poor. This level is far less than that of the World Bank's 1.25 dollar a day measure, which the Bank terms as extreme poverty. There are intra-country disparities in poverty line and distribution. For example, the poverty line is lowest (approximately 184 dollars) for the western southern plain and highest for capital city Kathmandu (approximately 471 dollars). There are more issues. The interesting one is that the Kathmanduites spend more on non-food items, almost double to food items against the higher expenses in food items for other parts. The proportion of people living below poverty line is highest in the northern mountains while it is lowest for urban hill. The western part of the country hosts higher proportion of poor compared to eastern part. If we use human development concept to measure the poverty, the proportion of Nepali people living in poverty is around 31.1 percent in 2011 (National Planning Commission (NPC) [Government of Nepal] & United Nations Development Programme [UNDP], 2014). This is significant decline by more than 50 percent from as high as 65 percent three years ago (UNDP, 2011). However, there are vast differences in the measurement process and indicators in the both concepts. Nepal's official poverty measurement is basically based on consumption approach which mainly uses basic calorie threshold. It does not concern how the people maintain their basic living standard. It is also blind to whether there are public investments to enhance the capability so that they can sustain their fight against poverty. In common sense, Nepal's official poverty measurement practice deserves criticisms of money metric approach.

2. Objectives

Despite the phenomenal and milestone efforts to make development process more people centred and multidimensional, Nepal is still struggling around upper bound of low human development countries. Around one quarter of total population survive a miserable life under absolute poverty line, which is far less than the global \$1.25 a day standard. This paper basically argues that the poverty in Nepal is a critical issue that is restricting people to enjoy the freedom and choices and is challenge for achieving sustainable human development.

In this paper, I will basically attempt to highlight socio-economic, spatial distribution and gender dimension of poverty in Nepal. Although, my analysis will be based on Nepal's official practice of poverty measurement, I will relate the poverty analysis to broader perspective of human poverty and its consequences to

¹ Rates are obtained from Central Bank of Nepal from <http://nrb.org.np/fxmexchangerate1.php?YY=&&MM=&&DD=>, accessed on 13 April 2013.

human development. This paper also provides spaces for some cases that explain poverty picture and its impact on sustainable human development.

3. Methods and materials

Given the background, this paper basically illustrates the characteristics and constraints, particularly focusing on poverty, for achieving sustainable development. The data for this analysis are mainly derived from two sources - Nepal Living Standard Survey (NLSS) 2010/11 and Nepal Human Development Report (NHDR) 2009 and 2014. NLSS 2010/11 provides statistics on income based poverty while NHDR 2009 and 2014 is used to derive the human poverty index. In addition, other relevant sources as such as Nepal Economic Survey 2013 and the World Bank Online Database 2013 are used to supplement the analysis. This paper uses two analytical approaches- descriptive and comparative. The descriptive approaches describes the status and situation of poverty with some arguments for the situation while comparative approach makes relevant comparison based on geographical and other classifications.

4. Nepal in global poverty map

By virtue Nepal belongs to least developed region with high poverty, persistent inequality and deprivation from basic facilities of health, education and economy. Despite the progress Nepal has made in recent days, the stories of poverty and deprivation are still popular and remain popular for other several decades. In Asian context, many countries have comparable status with Nepal. Except Sri Lanka in the region, around a quarter of population are below poverty line with some countries having higher proportion (Figure 1).

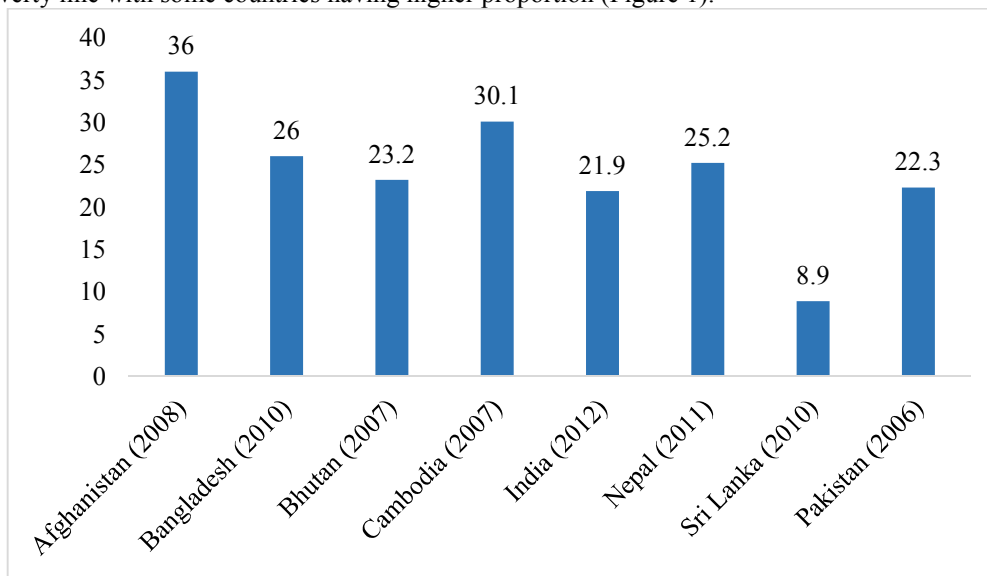


Figure 1: Nepal in Asian poverty map (% of population below national poverty line)

Source: World Bank, 2013

In the region, Afghanistan and Cambodia have higher proportion of population living below the poverty line while other Bangladesh. Bhutan, India, Nepal and Pakistan have similar level of poverty. But the decline may be faster for Bhutan because of recent economic development. Despite having appraising economic growth India and Bangladesh may have to struggle for long time because of large population based and persistent inequality among the population. Although some analyses show that 1 percent investment of GDP in social sector may reduce poverty rate by 0.5 percent in India (Anand, Tulin, & Kumar, 2014) reduction in poverty is influenced by ability of government to ensure the public invest to the poor households.

5. Convergence in poverty measurement

The recent measurement of poverty by two sources – the World Bank \$1.25 (in PPP) and national poverty line- show convergence in 2010 whereas the claims of these two sources in earlier points (1996 and 2003) were far away. The difference could be a result from lower estimation of national poverty line for 1996 and 2003. In 2010/11, Nepal revised the poverty line adjusting with the price index and revising the basket of food and non-food items. The revised poverty line is now equivalent to the World Bank \$1.25 (in PPP). The retrospective estimates for 2003 and 1996 using 2010/11 threshold by Central Bureau of Statistics Nepal shows the rate poverty rates were higher than the estimates of 1996 thresholds.

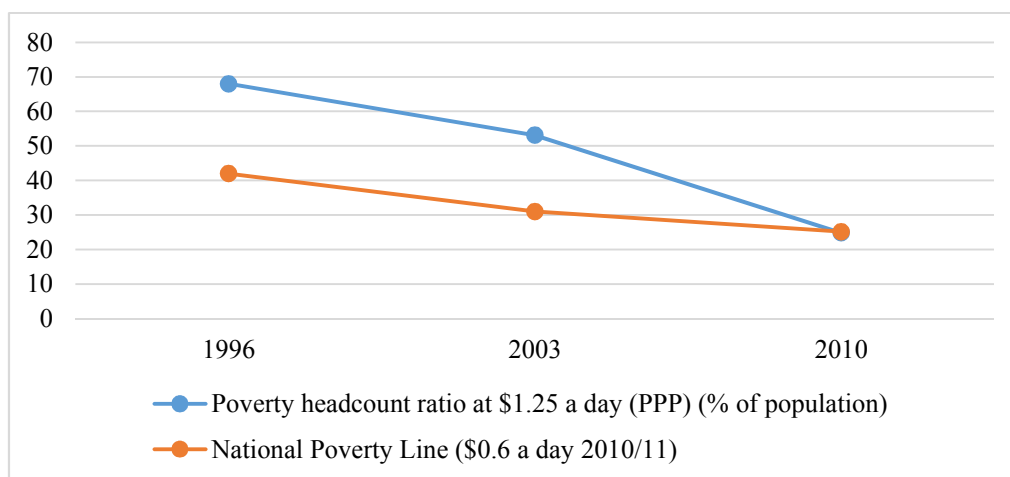


Figure 2: Convergence in poverty measurement (% of population below poverty line)

Source: World Bank, 2013

6. Poverty trend: Increasing urban poverty

Whether the revised or conventional measurement, there is remarkable progress in poverty reduction in Nepal in the last one and half decade. However, the decline is not applicable to urban poverty rate. Unlike the economic theories which claim faster decline in urban poverty, Nepal witnessed a troublesome growth of 5.46 percent points in 2010/11 than 2003/04 (Central Bureau of Statistics [CBS], 2011). This emerging trend has added complexity for government interventions to reduce poverty. It may put pressure on government investments in basic social security. Urban poor are generally engaged in unorganized and informal economy which is a difficult to intervene (Dahal, 2011). The living conditions of the urban poor may be dismal and many face may added critical challenges over the rural poor (Baker, 2008).

7. Persistent inequality

Compared to other countries in the region, Nepal has relatively less inequality. However, it is still a major challenge for political economy as well as social problem in Nepal. Against the progress in wellbeing, the society is sharply divided in share of national income. The richest 20 percent population hold more than 40 percent national income and the proportion is around 5 percent for the poorest 20 percent. Interestingly, the gap increased in 2003 which is also suggested by the increase in Gini Coefficient between 1996 and 2003. The reason is cited as the impact of decade long (1996-2006) internal conflict that affected all sector of Nepalese economy. The basic principle of conflict is such that it affects people who are struggling around the survival. It may increase income inequality by destroying the livelihood opportunities of poor and disconnecting state-people relationship. It is the poor households to be disadvantaged of public, market/livelihood and social entitlements as a consequence of conflict (Luckhman, Ahmed, Muggah, & White, 2001). The freaking discrepancy in income share was corrected as the conflict ended with the Comprehensive Peace Accord between rebels and the Government of Nepal in 2006. The correction could bring the curve only in the position of 1996. It calls Nepal has to make further progress to change the shape of curve which benefits the lower income quintile.

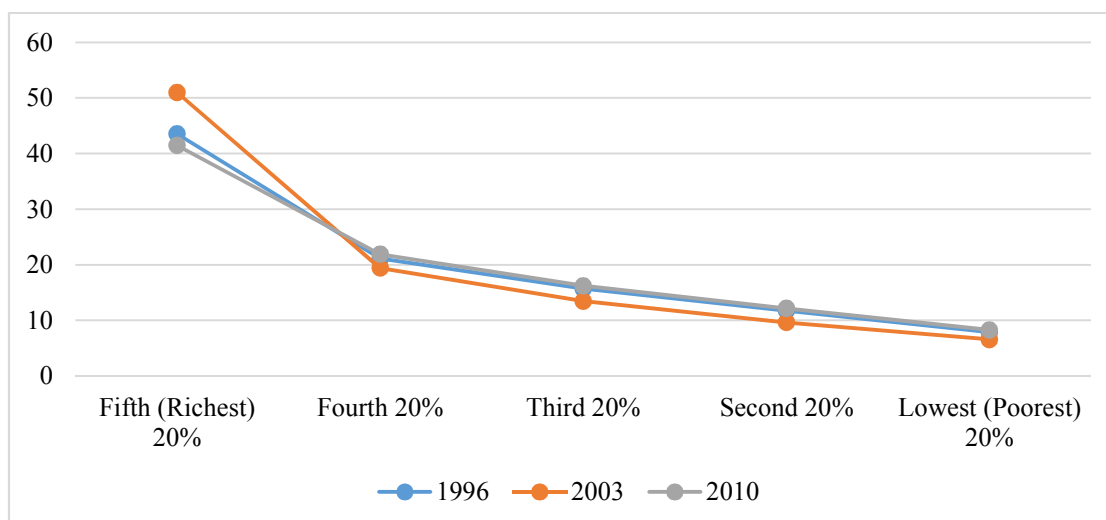


Figure 3: Share in national income by wealth quintile, 1996-2010, Nepal

Source: World Bank, 2013

8. Remittance and poverty

Study of poverty remains incomplete if we avoid analyzing the impact of remittance. This holds true for many developing countries where internal employment opportunities are not encouraging. Nepal stands in third place in 2012 for receiving remittance, with Tajikistan and Kyrgyz Republic in the first and second position respectively (Table 1). As of 2012, the remittances Nepal received accounts for 25 percent of GDP. Around 56 percent households in Nepal receive remittances which was as low as 32 percent in 2003/04 and 23.4 percent in 1995/96 (Central Bureau of Statistics [CBS], 2011). The decentralized circulation of money in recent years, especially after 1990s has relatively made easy for poor households to receive loan for foreign labour migration. The promotion of saving and credit cooperatives and community level saving and credit groups eased the access to loans at cheap interest rates which was traditionally held by some rich people with monopoly. The downward flow of money helped to reduce consumption based poverty rate because nearly 80 percent of remittance is utilized for daily consumption (Central Bureau of Statistics [CBS], 2011). Thus, the flow of remittance has been an instrumental means to reduce poverty in Nepal. The claim of Ratha (2013) that remittances increase household incomes and are therefore powerful anti-poverty forces in developing countries which seems applicable in Nepal.

Table 1: Remittances as share of Gross Domestic Product (GDP)

Country	2009	2010	2011	2012
Tajikistan	35.1	40.9	46.9	47.5
Kyrgyz Republic	20.9	26.4	27.6	30.8
Nepal	23.1	21.7	22.4	25.0
Moldova	22.0	23.3	22.8	24.5
Lesotho	32.1	28.0	26.1	23.8
Samoa	23.8	21.3	22.0	23.2
Bermuda	23.2	22.0	22.6	21.8
Armenia	8.8	10.7	19.7	21.3
Haiti	20.9	22.3	20.6	20.4

Source: World Bank, 2013

Several studies have established negative impact of remittances in poverty (Adams & Cuecuecha, 2010; Adams & Page, 2005). However, they do not explain the whether depending on remittances to reduce national poverty a viable long term solution. In fact, there is a severe challenge to depend with remittance as a cause of poverty reduction. Remittances may have only short-term gain and may not be sustainable unless channeled for investment in productive sector. Many countries, including Nepal, lack policy to link remittance with increasing productivity and generating employment. The tragedy of remittances is developing countries they have increased consumption capacity of poor households but, however, have failed to generate employment opportunities. It alarms for serious economic instability if not managed to increase national productivity and generate employment opportunities by the receiving countries. The saving rate for remitted money is very low which may not promote investment. People are discouraged to invest with small saving as it may not be helpful for start-up. In order to increase investment priority of poor households a policy to utilize the fragmented money is to be in

place.

9. Multidimensional poverty measurement in Nepal: Nepal Human Development Reports

Against the conventional practice of measuring poverty using narrow money metric, the first Nepal Human Development Report 1998 strongly raised the voice for capability development and emphasized on multidimensional approach to measure poverty (Nepal South Asia Centre (NSAC), 1998). The report specifically highlighted the need to focus on developing inherent capacities of people and to use it as sustainable strategy against fight with poverty. The 2001 Nepal Human Development Report came with exclusive focus on poverty reduction and governance. The report used its strength to establish praxis that poverty in Nepal is a manifestation of governance crisis. To support it, the report reiterates that a governance system where citizen's ownership is meaningfully established is the key for sustainable attainment of the poverty reduction and human development goal. Because '[c]itizen ownership calls for people's participation in the development process at all levels - local, regional, national and international - and all segments of society: the state, the market and civil society' (UNDP, 2001). The report also criticises Nepal's a half century long development efforts for inability of improving living standards of people who are at the bottom of pyramid. It claims that good governance is the missing link in Nepal's poverty reduction strategy.

Amidst the wider discourse, the third Nepal Human Development Report (NHDR) 2004 exclusively focused on empowerment and poverty reduction (UNDP, 2004). The 2004 NHDR has underscored to put empowerment in the centre of development. It has also provided arguments on the following major four themes:

- empowerment of poor
- shortcomings of development efforts to tackle social and economic issues
- deepening democracy
- underdevelopment as a basis of conflict

The 2004 NHDR, in fact, initiated new discourse in Nepal's development policy and practices. Enough discussions were held in pros and cons. However, the report was successful to produce evidence to support a boarder approach of development that is more meaningful; make sense to people; address their inherent needs and develop a sustainable capacity to fight against persistent poverty. Although human development concept emerged in early 1990s, it took more than a decade for Nepal to mainstream and reflect in the policy document.

The fourth Nepal Human Development Report 2009 was published in a critical political, social and economic and international context. The context is well illustrated in the theme on the 2009 NHDR "State Transformation and Human Development" (UNDP, 2009). The term 'state transformation' carries a great value in contemporary polity of Nepal. The report comes at the crucial period when Nepal has entered in a peace process after decade long armed conflict. The whole reason for the conflict was the demand of a just, inclusive and democratic social, political and economic structure. The report in the very beginning states '[w]ithout peace, human development is not possible and without human development, peace is not sustainable. Both require inclusion and participation - which can evolve through the restructuring of the state and deepening of the democracy of a political system' (UNDP, 2009:1).

These reports have strongly emphasized to widen the concept of measuring development and of poverty in particular. They laid a foundation to move from welfare approach of development to right-based approach with capability in focus. These national reports were supplemented by global and regional human development reports which documented success story; identified gaps and made policy recommendations.

The recent Nepal Human Development Report 2014 came up with a new focus on human capital. The report proposes multi-pronged approach to raising productive ability and accelerating human development for which it iterates investing to unlock human potential is the fundamental aspect. The report provides evidence that the geography of deprivation is changing and being concentrated to specific group, area and characteristics. The nature of poverty is being changed for which macro indicators do not sufficient explain the characteristics of poverty. It is therefore, decomposed analysis is necessary to unbundle the problems and address them accordingly.

In the national plan document, the Ninth Five Year Plan (1997-2002) endorsed the concept of human development. The plan explained human development as "building up competent, skilled and healthy human resources by making available the social services, such as proper education, training, health services, sanitation, housing, drinking water" (National Planning Commission [NPC], 1997). However, the plan had narrow focus on human development under the concept of human resource development. The plan was reluctant to consider human development as a broader concept. However, the plan ascertained a policy to increase investment on the area with human development index disadvantages.

Notably, the Tenth Five Year Plan (2002-2007) realized that income based poverty approach is not adequate to address the extent of multiple deprivations that people face. The plan used human development index as basis of evidence in formulation, implementation, monitoring and evaluation of the plans and programmes. It made human development as the focus of development approach and urged all interventions to

be designed accordingly. By the end of this plan period, Nepal witnessed many unprecedented changes in social, economic and political spheres. Nepal marked a historical shift from unitary and absolute monarchy, which was considered as a form of feudal and exploitative governance system.

The subsequent plans after 2006 April revolution² have tried to address people's tremendously increased aspirations. For example the Eleventh Three Year Interim Plan (2007/08-2009/10) specifically admitted that the plan would be for the inclusive and just Nepal by addressing tremendously increased people's aspiration. The plan states that the movement has created 'opportunity to move forward in raising the living standard of Nepali people living in poverty, deprivation and backwardness, with strong determination to dismantling old attitudes, obsolete structures and feudal remains' (NPC, 2007). The national policy, plans and programmes of Nepal are now more human development focused and have adopted multidimensional poverty approach.

10. Distribution of poverty

This section discusses on spatial and ecological distribution of poverty. The reason behind this is to identify the most disadvantaged areas having higher poverty concentration. The geography of income base poverty will be compared with human poverty distribution to see the broader picture.

10.1 Spatial distribution

Nepal is geographically divided into three major topographical areas- Mountain, Hill and Terai. The mountain region is the northern high elevated land which covers approximately 15 percent of total land. This region has difficult and rocky terrain and holds world's eight of ten tallest peaks. Despite having opportunities, this region is economically backward and always isolated from national mainstream. This region holds only 6.73 percentage of total population (Central Bureau of Statistics [CBS], 2013). The NLSS 2010/11 affirms 42.27 percentage of population in this area live in absolute poverty which is 17 percent points higher than that of national average. Interestingly, the proportion of people living in human poverty is 38.51 percent (National Planning Commission (NPC) [Government of Nepal] & United Nations Development Programme [UNDP], 2014), about 4 percent points less than absolute poverty.

Hill stretches between mountain and southern plain (Terai) and holds 68 percent of total land and 43 percent of total population (Central Bureau of Statistics [CBS], 2013). This region has many well developed urban centres including the capital city Kathmandu. Around 24 percent people in this area live below absolute poverty which is little less than national average. However, the proportion of people living under human poverty is around 5 percent points higher than absolute poverty.

Terai (southern plain) borders with north India and holds 17 percent of total land against 50.27 percent population implying that unequal distribution of population to land size. This region has fertile and industrial land. It has some well-developed infrastructure and considered to be developed area than other regions. The NLSS 2010/11 shows 23.44 percentage of population in this region survive under absolute poverty. Against this, 33 percentage of population are disqualified to cross threshold of human poverty.

² 2006 April revolution is the historical movement in Nepal's politics which was the genesis to bring armed rebellions (then Nepal Communist Party-Maoist) into mainstream politics and overthrow the 250 years long absolute monarchy and set environment for inclusive, participatory and democratic political, economic and social systems. This movement is marked in Nepal's history with the glorious event that expressed people's interest for sustainable peace, prosperity and just state structure and governance. Following 2006 April movement, the southern plain (*Terai*) witnessed upsurge of people demanding federal governance system and inclusion of marginalized, disadvantaged and poor people in the national polity. In order to address people's aspirations, Nepal made a national commitment for inclusive governance where all people will have access to the state mechanisms and processes. Interests and needs of disadvantaged, marginalized and poor people were promised to address. However the spirit of the revolution is yet to be materialized. Nepal is now at a crossroads of transition and struggling to discover the appropriate ways forward.

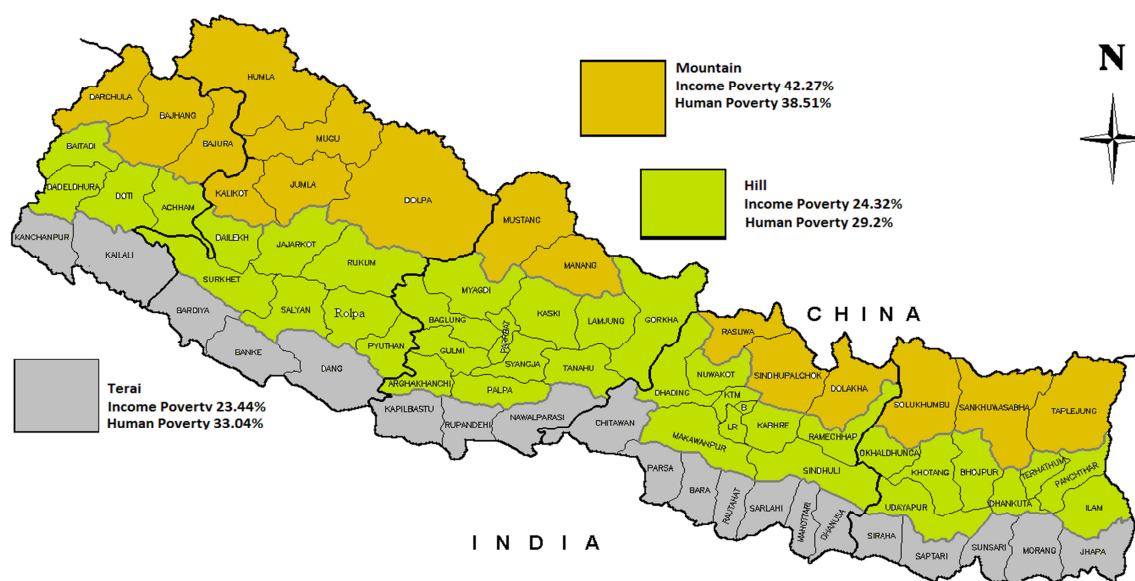


Figure 4: Income poverty and human poverty distribution by ecological regions in Nepal

Source: Author

The main interest of this comparison is to lay the argument that poverty is common issue throughout Nepal, with some variation in the proportion. It implies that a large proportion of population is deprived of basic facilities to survive. It also demonstrates that income poverty may not well represent the human poverty. For example, Terai region has advantages in income poverty compared to Hill region. However, the trend is opposite for human poverty. More population from Terai region suffer human poverty than Hill region. The Terai region has large size of population who are deprived of basic facilities of education and health. This region holds ethnic populations who are socially, culturally and economically excluded from mainstream development and thus have challenges to enjoy health, education and access to resources. The higher income disparity (Central Bureau of Statistics [CBS], 2011) in this area also confirms the severity of poverty.

Other way of making spatial comparison is to examine poverty by development region. Nepal is divided into five development regions with the north-south expansion. These development regions cover the geographic variation giving an opportunity for balanced development. However, the poverty distribution shows that some of the development regions are more disadvantaged compared to others.

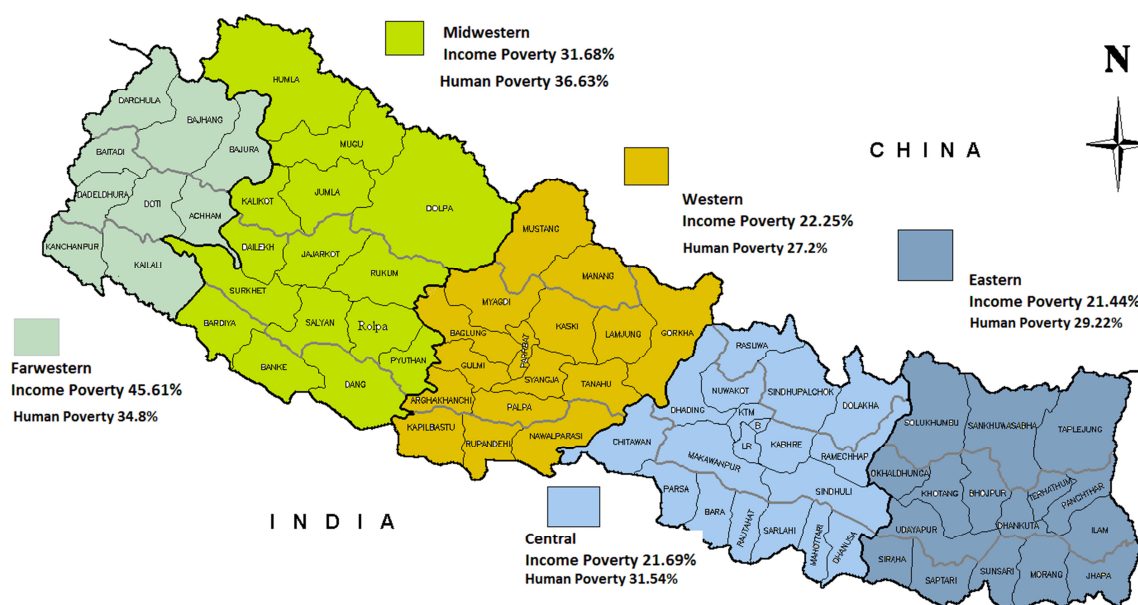


Figure 5: Income poverty and human poverty distribution by development regions, Nepal

Source: Author

Figure 5 demonstrates that the western part of country is more disadvantaged in both income and

human poverty compared to eastern regions. The Eastern region holds low proportion of poor population while the Far-western region holds highest proportion while Mid-western region hold highest proportion of human poverty. The gap is higher for income poverty (24 percent points) compared to human poverty (7.41 percent points). It implies that poverty is a common issue across the nation with variation in proportion. If we further decompose the poverty distribution, the western mountains have the highest proportion (42.77%) while the urban hills have the lowest (8.72%) income poverty. The trend is similar to human poverty as well. For instance, the Mid-western Mountain records highest human poverty (44.63%) against lowest proportion in central hills (24.65%). It also implies that having better income is insufficient to ensure the better living standard. The vice versa is also equally relevant. Lower income does mean that people are dined of basic needs. Their living standard may improve as a result of public expenditure on public services like education and health. In recent years the government has considerably increased the public spending in social sectors like education, health and social security (Ministry of Finance (MoF) [Nepal], 2014). Public speeding these areas has increased access of unprivileged population on basic health and education opportunities.

11. Education and poverty

The relationship between education and poverty is obvious (Sen, 1999). The obvious relationship is bidirectional. Education diminishes poverty while poverty restricts access to education. In many developing countries, poverty has become a major constraint for access to and utilization of the education. In order to fight against poverty, education has been instrumental. This section highlights some statistical relationship between education and poverty. The intention is to portray the phenomenal impact of education on poverty reduction using the theoretical argument of human capital (Sen, 1997). Human capital is focused to human agency which basically uses skill and knowledge to enhance production possibilities. It is basics of developing capability of an individual. Two major indicators- education of household head and highest level education of female member in the household- have been used to establish relationship between education and poverty.

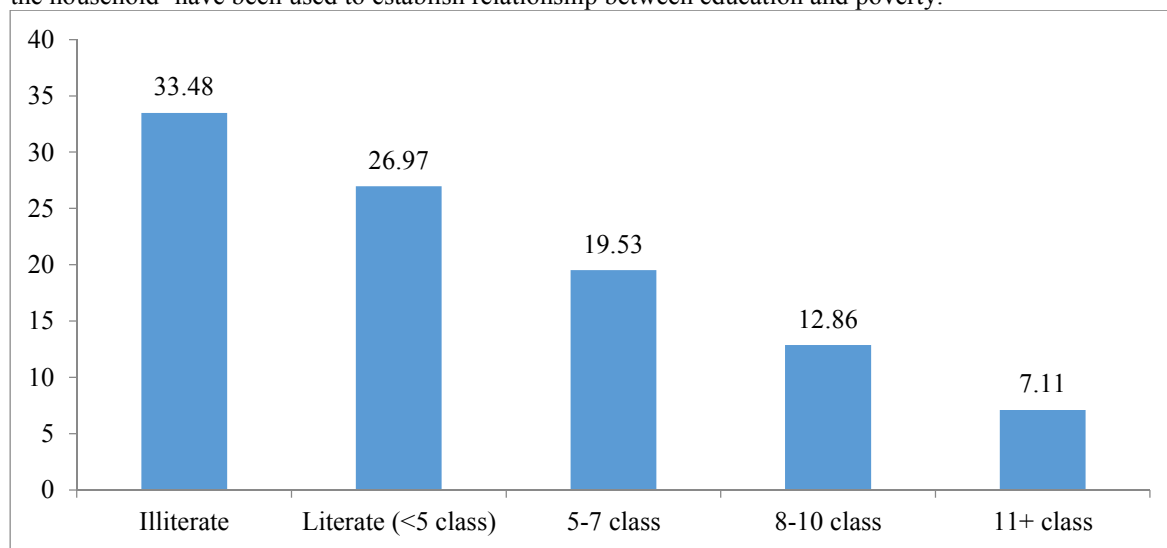


Figure 6: Education status of household head and % of household below poverty line
 Source: CBS, 2011

Figure 6 displays a phenomenal relationship between education and poverty. Education seems to be catalyst to improve the living standard of people. As the education level of household head increases, the proportion of household below poverty line significantly drops to a lower threshold. In another term, household with higher poverty level are also deprived of education facilities. This manifests the restriction to educational opportunities of the household members including children. If we put gender dimension in the analysis, girls may be more disadvantaged of the deprivation. It calls for new idea for policy and programmes to reduce the gap. In addition, the following figure 7 shows how importantly women's education explains household wellbeing status. It also shows that investment in women's education makes sense for achieving a victory against fight with poverty.

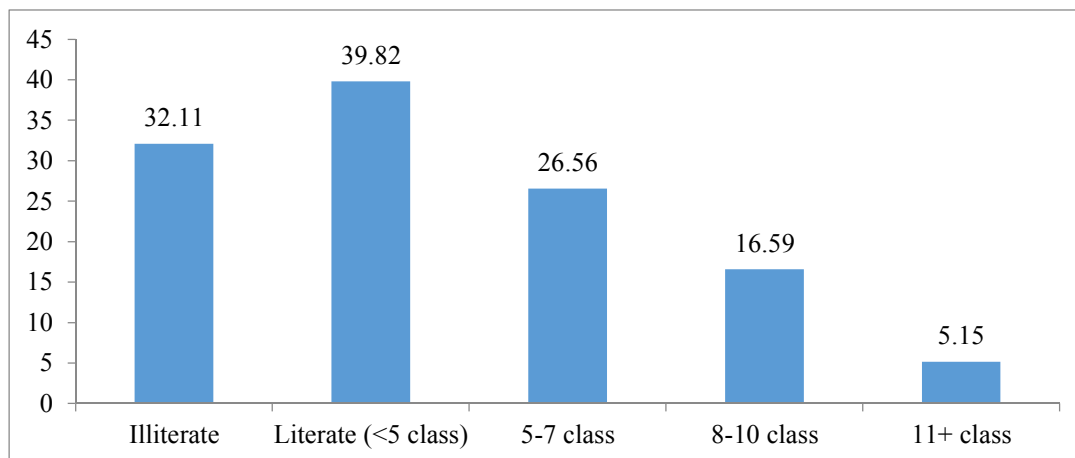


Figure 7: Percentage of household below poverty line with the education level of the most educated female in the household

Source: CBS, 2011

Female education is an important indicator of family's wellbeing. The figure shows that only 5 percent of household having at least one female member with grade 11 and above education are below the poverty line compared to 32 percent with illiterate women. If we ignore literate (less than grade 5 education), higher the education of the female member, the household is likely to escape from poverty trap. Education level of female may adequately explain the poverty status of the household. Hence, education plays an instrumental role in reducing poverty status of a household. The discrepancy between illiterate and literate reminds the argument that education should go beyond primary level to show impact on poverty and any other social dimension.

There is likely to be other side of the story, especially in Nepali socio-cultural setting. Traditionally, female's education was always an issue of neglect and low priority. If a family has to make decision on education investment, males get advantages. Investment in girl's education was considered as waste because girls are supposed to leave parental home after marriage. Parents would not receive any benefit from their education. Instead, boys are considered as the future insurance which they (parents) think investment on them would have returns. But now, there have been much investment on girl education from government and also from the family. The society has underscored the importance of investment on girl's education. Poverty, gender roles and marriage customs are considered as the major barriers that prevent girls to enjoy education opportunities. Following excerpts from an online news explains situation of many Nepali women³:

Laxmi Shrestha, 35, says that, unlike other children, she and her sister, Sita, always wanted to go to school when they were younger. But they never had the chance. Every day, their brothers went to the school, a 20-minute walk from their house. And every day, she and her sister stayed home to help their mother with the chores, collecting fodder for the cattle and wood for fuel. "My mother tried to send me to school, but my father didn't listen to her at all," Laxmi says.

There has been much change in Nepali socio-cultural setting than Laxmi experienced in her childhood days. There are evidences of discrimination against women as a fundamental issue. The gender disparity in educational attainment still remains high. The dropout rate for girls increases as they climb up the grade. And the gender disparity is at alarming level at the post-secondary level education. More than half of the women from poorest quintile have never attended the school compared to 33 percent men (CBS, 2011). Evidences show remarkable progress in women access in education opportunities in Nepal in recent decade. For example, a report claims, Nepal ranks fifth position in gender equality in education in South Asia (Narayan, Rao, & Khan, 2010); gender difference in gross secondary enrollment has climbed down to lowest point (Pokharel, 2010). The gloomy side is still many girls aspiring to have better education are away from basic education facilities simply because they belong to poor family; they have to marry at early age and prepare for husband's household responsibilities; they need to allow their brothers for school; they have to support parents in household chores and take responsibilities of younger siblings; schools are not gender friendly.

³ <http://globalpressinstitute.org/asia/nepal/illiterate-women-push-girls-education-nepal>, retrieved on 18 May 2013.

In fact, poverty and education have causal relationship, both reinforcing each-other. Poverty restricts education opportunity while access to education plays role to break the poverty trap by enhancing the ability. Education also develops ability to utilize existing facilities and demand good public services and inform others. Pictures 1 and 2 reveal the fact that poverty and education have inverse relationship. Amidst the quantitative progress, the quality dimension of education is next issue to address seriously. There are stark divide in quality of education between urban and rural areas. Students in rural areas are deprived of basic facilities of reading materials and stationery. The schools in many rural areas reflect the poverty (Picture 1). These schools lack basic facilities, are unhygienic, do not have toilets and drinking water, irregular class and no use of technology. On contrary, schools in urban areas, particularly private schools, enjoy modern facilities and technologies (Picture 2). Although large chunk of the public spending goes to public education facilities, the quality is at serious questions. There is clear divide between public and private schools. The society uses this divide stereotypically to portray the economic class of people. Public schools have been stereotyped as schools for lower class and backward community.



Picture 1: School in rural Nepal



Picture 2: School in urban Nepal

Sources:

Picture 1: <http://www.nepal-school-projects.org/projects%20supported%20by%20nsp.htm>

Picture 2: <http://pathshala.edu.np/page/gallery>, retrieved 14 January 2014.

The divide in the educational facilities is producing people with different abilities, scope and productivity. Access to education has been always a challenge for a marginalized community. Picture 3 explains the tragedy. The Government of Nepal made a welcome decision to provide basic education facilities to each and every individual to through the ‘Education for All’ campaign. It has made attempts to decentralize education facilities and provide opportunities to marginalized community in their environment. The decision was a respect to right-based approach to development. The proposal was to establish early childhood schools in those communities who are denied of educational facilities. An example was to establish school in *Musahar*⁴ community of Nawalparasi⁵ District. Picture 3 is the early childhood development school established by the Government of Nepal to provide basic education for *Musahar* kids. The school was established within the settlement of *Musahar* community with a good argument that *Musahar* children may have difficulty to travel out of their community because of various social, cultural and economic reasons.

Since the *Mushar* community have very low level of education, the school teacher was appointed from other community of the same locality which was obvious. From the day one the school teacher started complaining that the place was not convenient to teach citing the reason as untidy environment. The teacher belonged to an elite family having political, social, cultural and economic power. Using all those powers the school was transferred within a year of operation to another community school which was preferred by the teacher and ally. *Musahar* community could not resist the move. As the school was transferred, *Musahar* children stop going to school. In the government’s record the school is functional in *Musahar* community, children are going to school, and the targets are being achieved. In fact, the reality is something different. There could be many such examples which prelude that the government’s interventions should be redefined.

⁴ *Musahar* is a Hindu scheduled caste generally residing in the Southern Plain of Nepal which accounts around one percent of the total population as of 2011. This community is considered as untouchable. They are generally landless and have traditional occupation of killing rats in the paddy field and collect paddy stored by mouse for making survival. They were making survival as bonded labour before the Government of Nepal outlawed bonded labour in any form. However, the declaration is still challenged in many parts of the country where the practice is prevalent informally. *Musahar* community has one of the lowest rate of literacy, life expectancy and income. Their social and political participation is always challenged.

⁵ Nawalparasi district lies in Western Development Region bordering with northern India. Despite having many developmental opportunities, this district is considered as one of least developed district in the Southern Plain of Nepal.



Picture 3: School in *Musahar* Community of Southern Plain, Nepal

Photo: Author (2014)

This story has many questions to be reflected in the poverty reduction approaches of the government. We need to redefine our policy interventions from input centred to outcome focused. The tragedy of *Musahar* community is a result of government's input focused interventions which is little or not bothered about the outcomes of the interventions.

12. Poverty and health

I have used infant mortality as the measure of health status. Since infant mortality and life expectancy are closely linked, because of data availability infant mortality is used in this article. The 2011 Nepal Demographic and Health Survey has recorded 46 infant deaths per 1000 live births. However, the rate significantly varies based on household economic status. The rate goes as high as 61 for the poorest wealth quintile and 32 for highest wealth quintile (Ministry of Health and Population [MoHP], New ERA & ICF International Inc., 2012). It implies that a birth in poor household means restricted choices for survival and development. The health facilities in rural areas where most of the poor people in Nepal reside are poor itself that cannot serve the quality health facilities to the people. Rural peoples cannot purchase expensive modern facilities available in the urban area. This leaves them to survive with constraints and limitations. Since there is no health insurance policy, poor people may not have choices of health services.

13. Conclusion

Nepal has shown commitment to make human development as the overarching development principle after mid-1990s. There have been tremendous improvements in people's level of awareness and consciousness on their rights towards development. Policies and programmes are better informed with right-based approach. But the problem still lies in effective and efficient implementation of the national commitments. The traditional bureaucratic and political structures are still stubborn to accommodate people voices and increase their capability to the level they are able to make informed decision about beings and doings.

Nepal observed many unprecedented political and social transformations. Some significant improvements have been made in people's lives in the last couple of decades. However, still one quarter Nepali people are below poverty line and a large number just above the poverty line who at any time may fall into poverty trap if there were unwanted shocks. Although Nepal records one of the best performances in human development in the last couple of decades, it is unable to move from low to medium HDI group. One of the major causes for this is rampant poverty. The low human development implies people have limited choices on doings and beings. The issue is more severe for those living below poverty line. This forms downward spiral putting them in entrenched deprivation.

In order to move from low human development to medium Nepal needs to take major steps to curb poverty. Developing capacity and providing opportunities to utilize their capacity would be the policy suggestions for the government of Nepal and international development organizations. This would invite a comprehensive package to address on the areas of deprivation that poor people are facing. As Sen (1999) has pointed out such policy and programme should clearly address the processes and opportunities to people for freedom of actions and decisions.

There could be several arguments on the factors that have contributed to reduction of poverty rate in Nepal. There are some important issues to be analyzed. The controversy is whether the current reduction in poverty benefits from government policy interventions. There are limited studies that establish the definite

impact of government interventions for the accelerated decline in poverty. Rather studies suggest influence of remittance for reduction of poverty is noteworthy. The changing geography and characteristics of poverty demands decomposed analysis of poverty. This is particularly important because we need to redefine our targets and focus interventions accordingly.

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