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Inclusion and Exclusion Errors in Social Protection Programs: Policy Lessons from Nepal

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Abstract: *This research examines the inclusion and exclusion errors in social protection programs in Nepal and their effects on program effectiveness. These errors, where ineligible individuals receive benefits (inclusion errors) or deserving populations are excluded (exclusion errors), compromise the core goals of social protection, widening discrimination and reducing the intended impact on poverty alleviation.*

The research, carried out in Gaur Municipality Rautahat and Bhanu Municipality of Tanahun District in the month of April 2025. I have used qualitative interviews with key informants. Findings reveal that exclusion errors disproportionately affect marginalized groups, such as Dalits, Janajatis, and women-headed households particularly those residing in remote and underserved areas. Conversely, inclusion errors are more prominent in urban centers, where administrative loopholes and political patronage undermine targeting accuracy.

It highlights how marginalized and remote communities face a higher incidence of exclusion errors, while more accessible regions exhibit greater inclusion errors. The research emphasizes the challenges of bottleneck in service delivery, communications barriers, resource limitations, and complex eligibility criteria in exacerbating these problems.

This study underscores the need for policy reforms prioritizing equality, diversity, inclusion, and social justice. Addressing these errors will ensure that social protection programs are more effective in reaching vulnerable populations. The research provides actionable policy recommendations to improve targeting mechanisms, reduce errors, and promote inclusive and equitable access to social protection. Social protection initiatives contribute to social justice and uplift diverse communities in Nepal.

Keywords: *Inclusion, Exclusion, Equality, Social Justice*

I. INTRODUCTION

Social protection programs in Nepal are vital tools designed to lift vulnerable populations out of poverty. However, inclusion and exclusion errors have undermined the effectiveness of these initiatives. Inclusion errors refer to benefits being awarded to those not eligible, while exclusion errors occur when deserving individuals are left out. Both errors are common in Nepal's social protection programs and pose serious challenges to the country's poverty alleviation efforts.

Social protection is globally recognized as a cornerstone of inclusive development, poverty reduction, and human dignity (ILO, 2021). It encompasses a range of policies and programs designed to protect individuals from economic shocks, chronic poverty, and social vulnerability (Barrientos, 2010). In developing nations like Nepal, where large segments of the population live in or near poverty, effective social protection is a developmental necessity.

Despite various social protection schemes in Nepal including old-age pensions, disability allowances, child grants, and maternal incentives the system is fraught with targeting errors that limit its impact (ADB, 2019). Inclusion and exclusion errors represent critical dysfunctions. When unqualified individuals receive benefits, resources are misallocated (inclusion error). When qualified individuals are left out, the most vulnerable are further marginalized (Babajanian et al., 2015).

The consequences of these errors are far-reaching. When ineligible individuals benefit from social programs, the limited resources meant for the needy are wasted. On the other hand, exclusion errors prevent marginalized groups from accessing critical support, further entrenching inequality and leaving vulnerable families at risk.

A. Social Protection Policy Review

Globally, social protection systems have evolved from charity-based models to rights-based frameworks (Devereux & Sabates Wheeler, 2004). Yet, implementation remains uneven. According to the World Bank (2018), over 4 billion people still lack access to any form of social protection, and where systems exist, they often suffer from inefficiencies and targeting errors.

Inclusion errors arise from corruption, political interference, and weak verification systems (Coady et al., 2004). Exclusion errors, more prevalent among socially marginalized and geographically isolated populations, result from limited outreach, lack of awareness, and bureaucratic rigidity (Koehler, 2011).

In Nepal, evidence indicates that caste and ethnicity remain significant barriers to accessing social protection (Upreti & Shrestha, 2017). Gender disparities also persist, with women—especially in single-headed households being systematically excluded due to patriarchal norms and administrative neglect (Jones et al., 2010). Despite policy intent, many deserving beneficiaries are left out due to stringent eligibility documentation (GIDAP, 2021).

Inclusion errors, as defined by the World Bank (2018), arise when individuals who do not meet the official eligibility criteria access benefits often due to corruption, misreporting, or insufficient verification. These errors inflate program costs and can delegitimize public trust. Exclusion errors, on the other hand, occur when eligible beneficiaries are denied access. These are often due to bureaucratic hurdles, information gaps, or discrimination, and can exacerbate poverty and social inequality (Gentilini et al., 2020).

B. Social protection policy in Nepal

- 1) The constitution of Nepal
- 2) Periodic plan 2024-029
- 3) Social Security Act 2018
- 4) Children's Act, 2018
- 5) The Rights of Persons with Disabilities Act 2017
- 6) Senior Citizens Act, 2006
- 7) Disabled Person Protection and Welfare Act 1982
- 8) Protection and Welfare of Disabled Persons, Rules 1994
- 9) National Policy and Plan of Action on Disability 2006
- 10) Ratification of United Nations Conventions on the Rights of Person with Disabilities, 2010
- 11) Education Act 1971
- 12) Education Act, New Amendment 2008
- 13) Education Regulation 2002
- 14) Civil Service Act 1992
- 15) Protection and Welfare Policy 1994
- 16) United Nations Standard Rules on the Equalization of Opportunities for Persons with Disabilities (1992)
- 17) Education Act 2002
- 18) Special Education Policy 1996
- 19) Disability Allowance, 1996
- 20) Various regulation, directives, guideline and Circular of federal ministry and department

At present, social protection and security-related programs are being implemented through 11 ministries and their respective departments, as well as through various funds operated under different names. From the perspective of service delivery, 16 types of such programs have been identified, and the number of schemes and services being implemented exceeds 80 (National Planning Commission, 2023)

In the South Asian context, inclusion and exclusion errors are shaped by socio-political dynamics, ethnic hierarchies, and geographic remoteness. In Nepal, several studies (Upreti & Shrestha, 2017) have underscored that targeting errors are particularly acute in hilly and remote districts, where infrastructure and institutional presence are weak. However, few studies systematically assess these issues at the municipal level or examine them through a mixed-methods lens—an empirical gap this research aims to address.

II. RESEARCH OBJECTIVES

The key objectives of this research are to:

- 1) Quantify the extent of inclusion and exclusion errors in social protection programs in Bhanu Municipality Tanahun and Gaur Municipality in Rautahat
- 2) Understand the institutional, administrative, and socio-cultural drivers of targeting failures.
- 3) Offer policy recommendations to enhance equity, efficiency, and accountability in social protection delivery.

III. RESEARCH METHODS

The researcher has used qualitative research methods for the study. Ten in-depth interviews were conducted with key informants including municipal officials, ward representatives, and beneficiaries. These interviews explored perceptions of fairness, accessibility, and administrative efficiency.

A. Study Area

The demographic information of Gaur Municipality of Rautahat District and Bhanu Municipality of Tanahun District is given below.

Table 1. Demographic information of Gaur Municipality of Rautahat District and Bhanu Municipality of Tanahun District

Indicator	Gaur Municipality	Bhanu Municipality
Province	Madhesh Province	Gandaki Province
District	Rautahat	Tanahun
Area	31.91 km ²	184 km ²
Population (2021)	39,846	42,794
Male Population	20,426	19,517
Female Population	19,420	23,277
Age 0–14 years	13,649	9,798
Age 15–64 years	24,003	27,890
Age 65+ years	2,194	5,106
Literate (Read & Write)	24,836	30,998
Only Read	50	375
Illiterate	10,871	8,532
Literacy Rate	69.5%	77.5%

Source: Gaur Municipality profile 2024, Bhanu Municipality Profile 2023

It includes a diverse population mix, varying literacy levels, and distinct ethnic groups—making it an ideal site for understanding targeting errors in social protection program delivery.

IV. SOCIAL PROTECTION ALLOWANCES IN BHANUMUNICIPALITY AND GAUR MUNICIPALITY

The distribution of social protection allowances in Bhanu Municipality of Tanahun and Gaur Municipality of Rautahat reveals significant variations despite both municipalities having similar population sizes. In Bhanu Municipality, the number of beneficiaries is generally higher across most categories, including senior citizens, Dalit groups, single women, widows, and persons with disabilities. This can be linked to Bhanu's relatively better Human Development Index (HDI), which contributes to longer life expectancy and improved access to services. Consequently, more individuals qualify for and receive social security allowances, such as those for the elderly, widows, and people with disabilities. Bhanu also shows higher inclusion of marginalized groups like Dalits and single women, reflecting better outreach and implementation mechanisms. On the other hand, Gaur Municipality shows notable figures in the Child Nutrition Grant based on geographic targeting, which is not present in Bhanu, suggesting that Gaur is prioritized for certain grants due to its lower development status. Overall, Bhanu's performance in the distribution of social security allowances reflects a more comprehensive and inclusive implementation of Nepal's social protection policies.

Table 2 Social protection allowances beneficiaries in Bhanu and Gaur Municipality

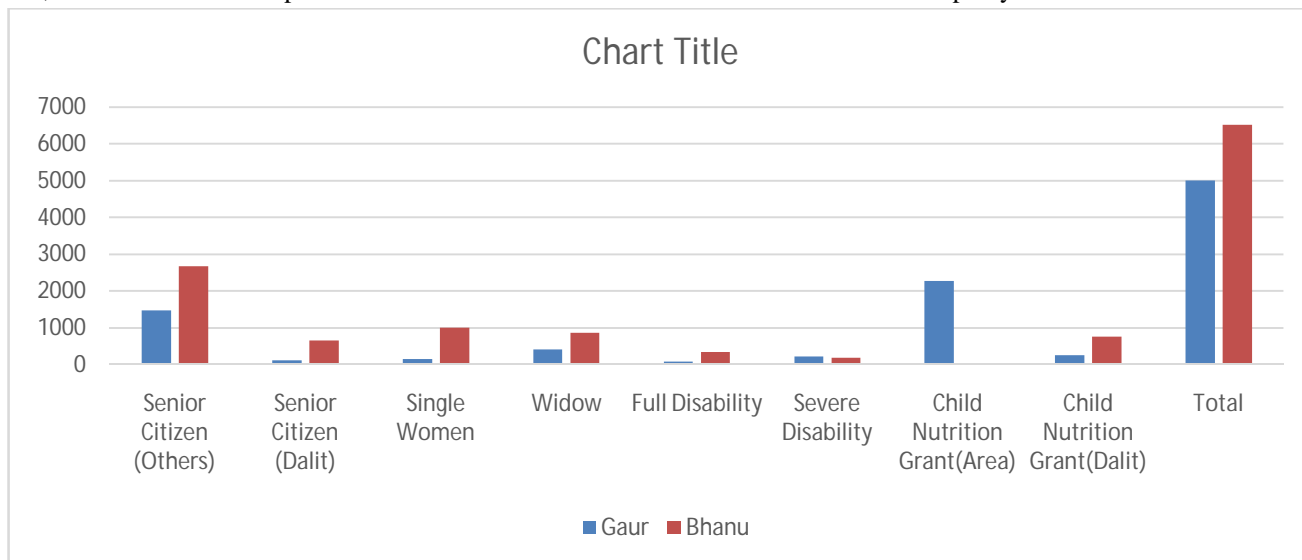
Mun	Senior Citizen (Others)	Senior Citizen (Dalit)	Single Women	Widow	Full Disability	Severe Disability	Child Nutrition Grant(Area)	Child Nutrition Grant(Dalit)	Total
Gaur	1475	121	152	419	82	234	2281	255	5019
Bhanu	2685	660	1003	875	354	188	0	771	6536

Source: Social protection amount distribution list published by Bhanu and Gaur Municipality

The table no 2 shows the list of benificeries in gaur and Bhanu municipality. Although Gaur Municipality (Rautahat District) and Bhanu Municipality (Tanahun District) have similar population sizes, the number of social protection beneficiaries is significantly higher in Bhanu Municipality. This difference can be attributed to better Human Development Index (HDI) indicators in Bhanu, particularly in areas such as education, health, and income, which contribute to higher life expectancy and greater access to services. As a result, Bhanu has a larger number of elderly individuals receiving senior citizen allowances (both general and Dalit), as well as higher figures for single women, widows, and persons with disabilities. For example, Bhanu has 2,685 senior citizens compared to Gaur's 1,475, and 1,003 single women beneficiaries compared to only 152 in Gaur.

Moreover, Bhanu Municipality records more beneficiaries in the Dalit and disability categories, indicating stronger outreach or better identification mechanisms. Interestingly, Gaur Municipality reports a significant number of children receiving the Child Nutrition Grant based on geographic area (2,281), a program not present in Bhanu, suggesting geographic targeting in Gaur due to its disadvantaged location. Conversely, Bhanu has more Dalit children (771 vs. 255) benefiting from the nutrition grant, reflecting more effective caste-based inclusion.

Figure 1, distribution of social protection allowances beneficiaries in Bhanu and Gaur Municipality



V. DISCUSSION

A closer look at the beneficiaries and expenditure distribution further highlights disparities within Nepal's social protection system. According to data from FY 2021/22 (UNICEF, 2022), elderly individuals aged 68 and over make up 38% of the beneficiaries but absorb 58% of the total expenditures. Adding in Dalits and residents of the Karnali zone (60+), along with single women and widows, means that 61% of the beneficiaries are receiving 86% of the social security allowances. On the other hand, the child grant program, which covers 33% of the beneficiaries, accounts for only 7% of expenditures.

Table 3: Beneficiaries and Expenditure Percentage

Categories'	Percentage of beneficiaries	Percentage of expenditure
Old age (68+)	38	58
Dalit + Karnali (60 years)	6	7
Old age single women and widows	17	21
Disability (Partial + Full)	5	6
Child grants	33	7
Endangered ethnic groups	1	1
Total	100	100

Source: UNICEF, 2022_

These figures reveal that a significant portion of the funds are going to economically inactive groups who have less potential to boost their livelihood. Meanwhile, more vulnerable populations such as Dalits, single women, widows, and residents of remote areas, particularly in the Karnali zone, receive lower benefits despite being more economically disadvantaged. For instance, elderly individuals aged 68 and above receive Rs 4000 per month, whereas Dalits, single women, and widows aged 60 and above only receive Rs 2600. This discrepancy raises questions about whether the social protection policy is discriminatory, yet this issue remains academically unexplored.

One respondent 73 years old beneficiaries from Bhanu municipality said that this money is needed for children and entrepreneur young boys what can I do this money in this age. It seems the current social protection schemes only support on the basis of age highest payment goes to older population but the money needed for young unemployment people who are doing nothing in absence of seed money.

Additionally, stringent criteria for disability benefits mean that many individuals with disabilities fail to qualify for support. The census data estimate total one percent population is suffering from disability. in the research area Bhanu municipality and Gaur municipality provides only 858 which is number of disability Nepal still uses medical definitions for identifying disability, excluding a large portion of the disabled population from receiving social security allowances.

Further disparities can be seen in life expectancy data, which underscores how current social security distribution favors certain groups over others. As shown in Table 3, elderly citizens from well-off backgrounds tend to live longer than Dalits and residents of remote areas like Karnali. Despite lower life expectancy, these vulnerable groups receive fewer benefits compared to their wealthier counterparts.

The social security allowances only get the people who does not receives any kinds of pension from the Nepal government or outside of the country. As the provision of Social security act 2018, 15 (c) The persons who are regularly receiving remuneration, pension, retirement facility and other incentives in any other manner (Social Security Act 2018).One respondent from Bhanumunicipality holding the pension from Indian government retired Indian Army also receives the social security allowances he says it's my right to get the allowances if the government provide me job then why I left my country it my right. It challenges to government implementation of the government policy. There is also a provision to abandon the allowances but few people are gives the abonnement application in municipality said the one respondent from Gaur Municipality.

Table 4: Beneficiaries and Their Age

S.N.	Categories	Life expectancy as of (2011)	Life expectancy as of (2021)	Minimum Year for SAP
1	Elder citizen Karnali Zone	59	67	60
2	Elder citizens Dalit	54	69	60
3	Elder people other	66	70	68

Source: NSO, 2022; UNICEF, 2023

The table 4 shows eligible criteria to get social security allowances. This data indicates that the current social security distribution pattern primarily benefits wealthier families rather than those in need. Poor and marginalized populations, especially in remote areas, continue to struggle with access to quality healthcare and education, largely due to ineffective governance mechanisms. To address this, both passive and active social protection measures are needed, focusing on improving governance and targeting the most vulnerable.

One respondent from Gaur Municipality said I have just crossed 68 years I am getting this money last month I am happy from this money. I am lucky to get this money nobody has able to get this money in my family. It shows the age bar to get social protection allowances supports the feudal system some people seems touch to die.

Many of those without citizenship cards belong to already marginalized groups such as Dalits, ethnic minorities, and residents of remote regions like Karnali. These individuals face barriers in acquiring citizenship due to complicated legal requirements, gender-based discrimination, and lack of administrative support. The exclusion of these populations means that even the most vulnerable remain deprived of the protections and benefits intended for them, further deepening the cycle of poverty.

The findings highlight the paradox of social protection in Nepal: while well-intentioned and widely supported in policy, programs often fail to meet their goals due to poor execution.

Exclusion errors are particularly damaging as they deepen the marginalization of vulnerable groups, while inclusion errors reduce fiscal space for legitimate beneficiaries. These issues point to a deeper governance deficit. Social protection cannot be treated merely as a technical delivery system; it must be understood as a political and social contract. This necessitates reforms that move beyond administrative fixes and toward rights-based frameworks emphasizing accountability, transparency, and inclusivity.

Moreover, the interplay of caste, gender, geography, and political affiliation reveals that targeting errors are not randomly distributed; they reflect structural inequities embedded within Nepal's socio-political fabric. Addressing these challenges requires a deliberate commitment to social justice and participatory governance.

VI. POLICY RECOMMENDATIONS

Adopt Universal Approaches Where Feasible: For basic programs such as child grants and old-age pensions, consider universal or near-universal coverage to reduce targeting errors. **Simplify Eligibility Procedures:** Reduce documentation burdens and make criteria more transparent and inclusive, especially for informal workers and those without formal identity documents.

Strengthen Grievance Redress Mechanisms: Establish independent, accessible, and community-monitored complaint systems at ward and municipal levels. **Use Technology Responsibly:** Introduce biometric systems cautiously, ensuring they do not exclude the digitally illiterate or undocumented.

The current social protection schemes cover only a small percentage of the population. The government should consider expanding coverage to include more vulnerable groups such as informal workers, women, and people living in rural areas.

The administration of social protection schemes can be complex, bureaucratic, and prone to corruption. The government should invest in improving the efficiency and transparency of the administration of these schemes, for example, by introducing electronic systems for registration and payment.

Enhance Community Participation: Leverage local organizations, women's groups, and community leaders in the identification, monitoring, and evaluation of social protection programs. **Build Capacity at the Local Level:** Invest in training, recruitment, and performance monitoring of social protection officers at municipal and ward offices.

Simplifying the legal process to acquire citizenship cards, particularly for marginalized groups, would ensure that all eligible individuals can access social protection benefits.

Implementing targeted outreach and mobile services in remote areas to assist people in acquiring citizenship would reduce exclusion.

The government could introduce interim provisions allowing individuals without citizenship cards to access social protection programs through alternative forms of identification.

VII. CONCLUSION

Social protection systems are essential for building resilient societies, especially in nations like Nepal with high levels of poverty, inequality, and vulnerability. However, targeting errors significantly compromise the effectiveness and fairness of these systems. This research, grounded in both data and lived experience, demonstrates that inclusion and exclusion errors are not isolated anomalies but systemic issues requiring urgent policy attention.

Reforming Nepal's social protection landscape demands not only technical improvements but also a transformation in governance, rooted in the principles of rights, inclusion, and justice. By addressing these challenges head-on, Nepal can build a more equitable and compassionate state where no one is left behind.

These inclusion and exclusion errors demonstrate the need for urgent reforms in Nepal's social protection policies. Policies must be adapted to reflect regional disparities and the diverse needs of different vulnerable groups. By reducing these errors and ensuring that the most vulnerable are adequately supported, Nepal's social protection programs can more effectively uplift marginalized communities and promote social justice.

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