POLICY BRIEF SERIES

TOWARDS GENDER RESPONSIVE AND INCLUSIVE POST-PANDEMIC RECOVERY IN NEPAL

INTRODUCTION

UN WOMEN

The **INTRODUCTION** to the Policy Brief Series, 'Towards Gender Responsive and Inclusive Post-Pandemic Recovery in Nepal,' is based on the key findings of a study commissioned by UN Women Nepal in 2021.

The 'Feminist Analysis of the Socioeconomic Impact of COVID-19 in Nepal' explores how the pandemic deepened pre-existing gender and social vulnerabilities. The study argues that popular instruments used to assess the economic impacts of policy interventions or shocks remain gender-blind or neutral in approach and methodology.

To overcome this limitation, the study deploys calibrated tools, such as the Gendered Social Accounting Matrix and a Gendered Computable General Equilibrium model, to suit the objective.

Sex-disaggregated data and customized econometric models are used to draw statistical inference on the extent of inequalities and causal pathways that influenced gender-based vulnerabilities during the pandemic. This introductory brief only highlights the findings of the study and does not include any policy recommendations.

> *It may be relevant to recognize at the outset, that a set of pre-existing high socioeconomic vulnerabilities in the Nepalese context exacerbate welfare and distributional impacts of the pandemic among her wider citizens, especially women and other marginalized groups."*
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> *-Feminist Analysis of the Socioeconomic Impact of COVID-19 in Nepal, a UN women study conducted in 2022*

The feminist analysis identified three broad conduits through which COVID-19 disproportionately affected and perpetuated gender inequalities in Nepal. These include loss of employment, loss of income and an increase in unpaid work and time poverty.

Conduits of Impact

Loss of Employment

Loss of Income

Increase in time spent on unpaid care work

Integrated Modeling System and Simulation Design

An 'integrated modelling system' was designed to undertake the study. An integrated approach was developed using the Gendered Computable General Equilibrium (GCGE) model and the Poverty model.[1] Accordingly, a Gendered Social Accounting Matrix (GSAM) was developed specifically for Nepal and calibrated to suit the GSAM 2019. Once the model was finalized, two demand shock simulation scenarios – one low and one high – were considered. A thorough desk review was carried out to identify the impact channels. The selected impact channels were then used to design the two scenarios across various parameters. Sex-disaggregated data or gender classifications of labour-related factors and households, as included in the SAM 2019, enabled a feminist perspective for the socioeconomic assessment.

The selected impact channels and simulation set-ups under the two demand shock scenarios are summarized below.

Impact Channel*	Low-Case Scenario	High-Case Scenario
Tourism (receipts)		
Accommodation and Foods	30% reduction in receipts	60-65% reduction in receipts
Transportation (Land and air)	20% reduction in receipts	25% reduction in receipts
Exports Demand (value)		
Food Processing	7-8% decline in export demand	10-12% decline in export demand
Textiles	10% decline in export demand	15% decline in export demand
Remittances	5% reduction	5% reduction

Note: The reduction rates are based on 2019 values.

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1 The Computable General Equilibrium (CGE) model is a numerical specification of an economy calibrated to a consistent macro-economic data set – usually a Social Accounting Matrix for a particular year. CGE is generally specified through five blocks: production and supply, income and expenditure, international trade, prices and equilibrium conditions.

TRENDS AND SIMULATION FINDINGS

The simulation outcomes are presented for key indicators, including economic growth, job losses, household-level income or consumption and poverty rate. The evidence points towards the following trends that emerged during the pandemic:

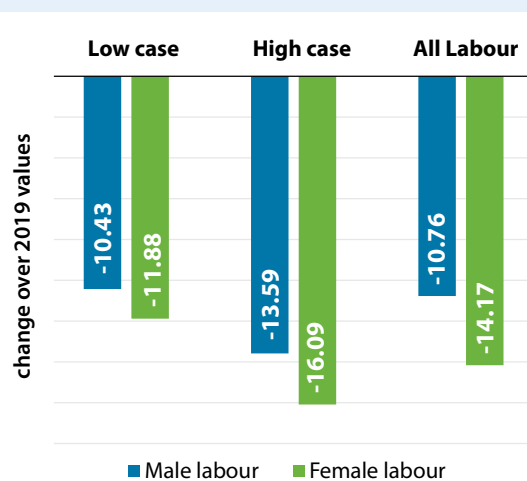|	
#1 **Gender differences and disproportionate impacts in certain industries.**	The COVID-19 crisis affected all sectors, including services, retail, hospitality and the restaurant industry. Female workforce participation is almost comparable and sometimes even higher to male employment in industries that were severely impacted.[2] However, a larger proportion of the female workforce was affected, as they tend to work in vocations that are less tele-commutable and cannot be managed remotely.[3]
A survey carried out in 2020 by the International Labour Organization found that 37 per cent of Nepal's businesses imposed a pay cut on female employees and almost 58 per cent reduced their salaries by half. The study also found that 5 per cent of the surveyed businesses completely withdrew salary payments to their female workforce. With regard to layoffs, 37 per cent of the surveyed businesses laid off a proportion of their female workforce, whereas 58 per cent removed between 50 to 100 per cent of female staff. Refer to Box 1.	**#2** **Inequality in incomes, employment and wage loss.**

Box 1   **SIMULATED LABOUR INCOME IMPACTS**

The Gendered Social Accounting Matrix (GSAM) was used to assess the differential impacts of demand shocks on male and female labourers. The data indicate that impacts on female labourers were much higher compared to their male counterparts. Under two simulated scenarios, the incomes of female labourers dropped by 11.9 per cent vis-à-vis 10.4 per cent for males in the low case scenario when compared to 2019 base values. The percentage point difference between the decline of female labour income and male labour income under low case scenario is -1.45. Given a high case scenario simulation, the percentage point difference in the decline increases to -2.51, indicating relatively higher impacts on women's incomes. The simulation confirms the hypothesis that female workforce incomes declined more steeply, given that the demand shocks were more pronounced in industries with higher female workforce participation.

Simulated Labour Income Impacts

	Low case	High case	All Labour
Male labour	-10.43	-13.59	-10.76
Female labour	-11.88	-16.09	-14.17

y-axis: change over 2019 values

Source: Feminist Analysis of the Socioeconomic Impact of COVID-19 in Nepal, UN Women

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2   The female workforce is almost comparable or higher than men in agriculture, forestry and fishing; manufacturing; wholesale and retail trade, repair of motor vehicles and motorcycles; accommodation and food service activities; financial and insurance activities; education; human health and social work activities; and other service activities in private households (Source: Table 4.1, Report on the Nepal Labour Force Survey 2017/18, GoN).

3   A UNDP survey carried out in July 2020 found that 28 per cent of men lost their jobs during the lockdown compared to 41 per cent of women (UNDP Nepal 2020).

#3

Shrinking long-term employment and education opportunities.

A survey by UNDP Nepal in 2020 found that 28 per cent men and 41 per cent of women lost their jobs during the lockdown. Women often find it exceedingly difficult to find new jobs and may remain unemployed for a longer duration than men. The increased responsibilities at home due to the closure of schools and children's daycare centers affect women and adolescent girls more than men and boys, thus limiting female participation in paid work and shrinking their longer-term education and economic opportunities.

Female-headed households (FHHs) experienced disproportionate impacts with regard to income loss, causing a substantial increase in headcount poverty rates. The decline in household incomes would invariably lead to a rise in headcount poverty rates that impact FHHs more than their male counterparts. The simulation data confirms the disadvantaged position of vulnerable groups such as FHHs who are predisposed to economic shocks with limited access to safety nets and coping strategies. Refer Box 2.
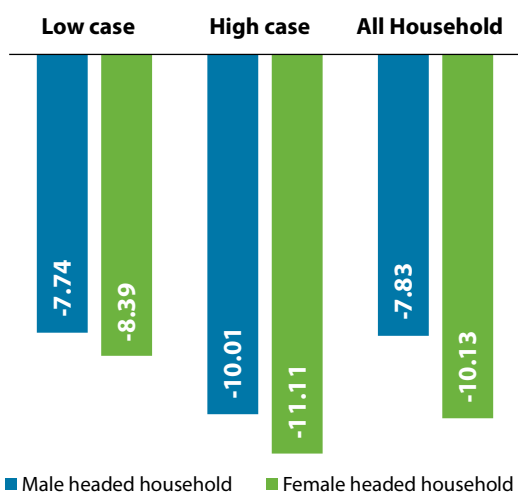
#4

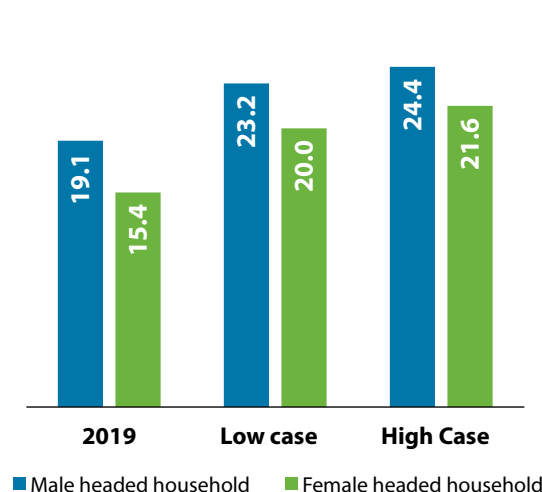**Exacerbated poverty for women already vulnerable.**

Box 2   **HOUSEHOLD CONSUMPTION AND POVERTY IMPACT**

With regard to marginalized groups such as FHHs, the income dropped by 8.4 per cent vis-à-vis 7.7 per cent for male-headed households (2019 base value and low-case scenario). The percentage point difference between the decline of FHH income and male headed households' income is estimated at -0.65. The decline further increases to -1.10 under a high-case scenario and 2019 base value. This highlights a direct correlation between FHH, higher probability of income losses and a subsequent increase in head count poverty rates. The percentage point increase in the head count poverty rates between 2019 for low-case scenario is 4.6 for the FHH, as compared to 4.1 for male headed households. The percentage point increase in the head count poverty rates between 2019 for high-case scenarios is more pronounced for the FHH at 6.2, in comparison to 5.3 for male-headed households.

Consumption Impact (% change over 2019)

	Low case	High case	All Household
Male headed household	-7.74	-10.01	-7.83
Female headed household	-8.39	-11.11	-10.13

■ Male headed household   ■ Female headed household

Poverty Rate (% of population) *

	2019	Low case	High Case
Male headed household	19.1	23.2	24.4
Female headed household	15.4	20.0	21.6

■ Male headed household   ■ Female headed household

Source: UN Women. (2022). Feminist Analysis of the Socioeconomic Impact of COVID-19 in Nepal.

*Note: * poverty rates for 2019 have been estimated using the distribution of household survey 2010-11 and updated poverty lines for 2019-23.*

> " *In Nepal, nearly 73,000 people, of which two-thirds are women, are employed by private households as domestic help (CBS, 2018). A significant proportion of them are single women and the sole breadwinner for their families. With the prolonged lockdown, more than 85 per cent of the domestic help workers lost their jobs, and many were still waiting for their salaries as of June 2020."*
>
> *- (Mandal 2020)*

#5
Impact on women-led enterprises and disruption of supply chains.

Women-led enterprises witnessed reduced demand and sales of products or services, revenue losses and barriers in accessing financial assistance. The lockdown restrictions drastically decreased their cash flows and dried up their revenue sources. A large majority of women entrepreneurs are engaged in fashion, the cosmetics/beauty industry and wholesale and retail trade, and the decrease in demand and low market transactions impacted these industries most, resulting in a significant loss of sales and revenue (Scott Wilson Nepal 2021). In addition, most women entrepreneurs failed to prepare an appropriate business continuity plan to survive the pandemic. This will impact business revival in the long-term and result in a loss of livelihoods for these entrepreneurs, including their workforce.

A survey of women across all seven of Nepal's provinces found that that 79.5 per cent of respondents feel their working hours increased drastically from one hour to more than four hours per day.[4] The analysis was based on a total of 317 responses from 29 districts. The survey was conducted to better understand women's experiences working from home and carrying out domestic chores. The average age range of the survey respondents, who were all women, was 21 to 35. Given the increase in the number of hours spent on unpaid care activities, a simulation model was prepared to calculate the approximate value of this invisible contribution to the economy. The data indicate the gendered nature of unpaid invisible care work. See Box 3.

#6
Increase in unpaid care work.

#7
Gaps in social protection.

The pandemic highlighted gaps in social protection services, with many vulnerable populations, especially women and girls, facing barriers in accessing direct and indirect benefits. Women without safety nets, especially single women, were more vulnerable to exploitation. Rapid assessments highlighted that joblessness and reductions in income have further impoverished already vulnerable groups.

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4   WOREC. (2020). Research findings dissemination program of online survey on women's workload during COVID-19 Lockdown. Departmental Publication. https://www.worecnepal.org/uploads/publication/ document/2144484226Women%20Workload%20survey %20PPT_June%20 2020.pdf

Box 3   **INCREASE IN CARE WORK AND ITS VALUATION**

The total value of unpaid work is estimated to be USD $13,534,000, which is 45.3 per cent of the GDP of FY 2018-19. The value of unpaid care activities, domestic services and production of goods for own consumption as percentages of GDP in 2019 are estimated to be 21.4 per cent, 3.2 per cent and 20.7 per cent respectively. The largest values are attributed to unpaid care activities and for the production of goods for household own consumption. Various reports and rapid assessments in Nepal suggest that the time women allocate to care and unpaid work may have increased from one to three hours. This, in turn, affects the valuation of this activity as a percentage of GDP. Incorporating the estimated increase in care work among Nepali women, by age cohorts, into the Nepal Unpaid and Invisible Framework, the simulated data indicate that:

- The total value of the unpaid and invisible work may increase to USD 18,336,000 from USD 13,534,000.

- This will account for almost 61.4 per cent of the country GDP and increase over 45.3 per cent (2018-19).

- Female contribution to the value of unpaid and invisible work may increase from 29.9 per cent of GDP to 46.0 per cent of GDP or by 16.1 percentage points.

Figure. **Contribution of unpaid domestic work, by gender (% of GDP)**
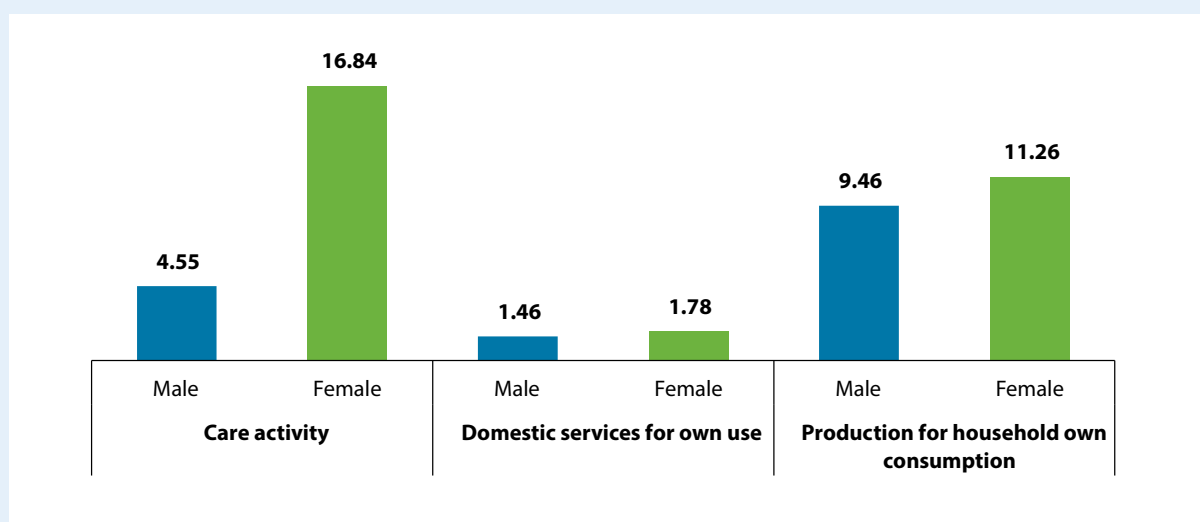
Table. **COVID-19 impacts on total value of unpaid work in Nepal (% of GDP)**

Economic Status	2019		COVID-19		% point increase	
	(1)		(2)		(3 = 2 -1)	
	Male	**Female**	**Male**	**Female**	**Male**	**Female**
Employed	5.3	5.4	5.3	8.7	0.0	3.3
Unemployed	1.3	1.1	1.3	1.6	0.0	0.6
Not in Labour Force	8.9	23.4	8.9	35.7	0.0	12.3
Total	15.5	29.9	15.5	46.0	0.0	16.1
Total value of unpaid household work in Nepal in 2019 (USD)					13.5 million	
Total value of unpaid household work in Nepal in 2019 (% of GDP)					*45.34 %*	
Total value of unpaid household work in Nepal during COVID-19 (USD)					18.3 million	
Total value of unpaid household work in Nepal during COVID-19 (% of GDP)					*61.44 %*	

Source: Feminist Analysis of the Socioeconomic Impact of COVID-19 in Nepal. UN Women.

> *Small famers, including female farmers in Nepal, were hard hit due to interrupted supply of critical agricultural inputs such as seeds and fertilizers. Farmers also incurred a huge loss since they were not able to transport their production in the market. In particular, female smallholder vegetable farmers have been the hardest hit since they would carry and sell the vegetables door-to-door, so many such women lost the main source of their income."*
>
> *Source: Feminist Analysis of the Socioeconomic Impact of COVID-19 in Nepal, UN Women*

#8

Divide in the digital economy.

Like many other countries, Nepal also witnessed a surge in digital connectivity during the lockdowns, despite its digital divide and the lack of financial literacy among some of the population. The UN Capital Development Fund (UNCDF) explored digital financial literacy and access in Nepal to understand the extent to which people could utilize a range of digital financial services. According to UNCDF, Nepal's digital economy score is less than 50 per cent and its inclusiveness score was as low as 22 per cent, indicating a huge digital economy divide during the lockdown.[5] These scores improved in 2021, however, with the overall digital economy score rising to 51 percent and the digital inclusiveness score increasing to 49 percent. These positive results indicate the effectiveness of proactive government measures to mitigate the digital economy divide.

During the pandemic, there was a considerable increase in incidences of intimate partner and gender-based violence. In the first 54 days of Nepal's nationwide lockdown, 502 women and children reported violence, including sexual and gender-based violence, as per official records.[6] Data also indicate that almost 1,684 women faced violence and abuse in quarantine facilities. Lack of schooling, economic deprivation, parental deaths and several other factors increased the risk of forced marriages. Another consequence of the pandemic was forced child marriages and an increase in human trafficking. This has potentially pushed marginalized women into trafficking and/or forced them to accept hazardous and risky occupations, including sex work.[7]

#9

Increased risk of facing violence, discrimination, trafficking, hazardous occupations and child marriage.

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5   The Digital Inclusiveness Score (DIS) indicate the level of inclusion attained by key segments of the population (customers) in the digital economy, such as women, youth, elderly, refugees, migrants, micro-, small- and medium-sized enterprises, rural inhabitants and people with disabilities. https://ides.uncdf.org/2021/NPL

6   https://nepal.actionaid.org/sites/nepal/files/publications/AA%20Fact%20sheet%20-%20Nepal.pdf.

7   A Rapid Gender Analysis (RGA) was conducted to understand the gender differential impact of COVID-19 on vulnerable and excluded groups. According to the RGA, 83 per cent of the sample women lost their jobs and income. Their share of formal employment has decreased by about 53 per cent. Moreover, there was 37 per cent rise in the number of people not involved in any paid work.

TOWARDS GENDER RESPONSIVE AND INCLUSIVE POST-PANDEMIC RECOVERY IN NEPAL

POLICY BRIEF (PB) SERIES

The feminist analysis was a precursor to sector-related studies commissioned by UN Women to probe and delve into factors that affect gender inequality during Nepal's post-pandemic recovery and economic revival. The policy briefs seek to capture the essence of these studies, with the aim of highlighting issues that impact gender equality and women's empowerment in select sectors and identifying policy recommendations.

The federal budget 2022/23 focuses on production, macro-economic stability and inclusion. It addresses the development aspirations and prosperity of all citizens, including those below the poverty line and those who have been discriminated and excluded on the basis of class, region, gender, ethnicity and caste. In view of emerging post-pandemic challenges as well as persistent ones, it is important to bring in a fresh perspective and realign strategies. It is envisaged that the Policy Brief Series will enable improved gender-responsive planning, financing and implementation to help 'build back better' and achieve a gender responsive, resilient and inclusive development process in Nepal.

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