Child-sensitive cash transfers in Bhutan – Policy Brief

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1. **Background: Covid-19 and its impacts on children’s well-being**

Although COVID-19 does not seem to be a very serious health hazard for children compared to its effect on the elderly and adult population with previous health issues, the broader impacts of the pandemic pose a significant threat to children’s well-being. UNICEF has called for immediate action in different areas affecting children in the current crisis.1

In the health sector, overwhelmed health systems may fail to offer appropriate health services for mothers and young children, disrupting ante-natal and post-natal care with reallocation of staff to COVID-19 activities and re-schedule of non-emergency care in some hospitals and health centres. In Bhutan, this scenario has not been observed so far, largely due to the containment measures adopted by the government. As per July 10 only 80 cases and zero deaths have been documented2.

Social distancing measures to prevent the spread of COVID-19 have led 134 countries to adopt country-wide school closures, affecting 64.4% of learners around the world according to UNESCO latest estimates3. School closure has negative impacts on children well-being well beyond the immediate negative effect on learning. In Bhutan, nation-wide school closure was imposed on March 18, affecting almost 180,000 school children.4 The Government has started implementing the reopening of schools by Class. On July 1, Class X and XII resumed the academic year, while Class VII, VIII, IX and XI will wait for new government announcements. Meanwhile, students in these Classes shall follow the Adapted Curriculum and lessons delivered through Radio, SIM, BBS and social media platforms. The latter will be the only educational activity for students from pre-primary to Class VI as their school will remain closed for this academic year5.

Due to school closures many children are missing school meals and therefore may have their food security and nutrition compromised6. In Bhutan the school feeding programme reaches 74,726 students (2019) (WFP), about half of the children going to school in the country. As a mitigation measure, WFP and UNICEF in collaboration with the Ministry of Education launched a take-home ration to support 10,000 students from vulnerable households7. This emergency measure does not reach all students previously covered. In fact the lack of school meals can put pressure on family’s budget as parents struggle to make ends meet in a context in which livelihoods are also disrupted by business closures8 and movement restriction, with negative impacts on informal workers earnings. These workers tend to be among the poorest and most vulnerable worldwide with limited access to credit and own savings to face periods of hardship. In Bhutan one of the hard-hit sectors has been tourism. On March 6, a ban on all incoming tourists was imposed, affecting an estimate of 16% of the working population in the tourism sector alone, most of them with limited, if any, social protection coverage.9

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1. [https://www.unicef.org/coronavirus/agenda-for-action](https://www.unicef.org/coronavirus/agenda-for-action)
2. [https://www.facebook.com/MoHBhutan/](https://www.facebook.com/MoHBhutan/)
4. [https://thebhutanese.bt/his-majesty-the-king-is-in-phuentsholing/](https://thebhutanese.bt/his-majesty-the-king-is-in-phuentsholing/)
7. For more details: [https://reliefweb.int/sites/reliefweb.int/files/resources/WFP-0000116793.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/WFP-0000116793.pdf).
8. Restaurants (about 4200) were open but had little business due to the travel ban-restrictions. Tour operation companies, two-thirds were completely shut (UNDP rapid survey).
9. (p 11)
Many children live in houses with limited access to clean water, sanitation, and hygiene, which makes it harder for them to follow the more demanding hygiene protocols to avoid COVID-19. In addition, “staying at home” for children in these difficult circumstances may lead to more exposure to domestic violence calling for adaptation of child protection measures and services to the pandemic. Inequality of access to goods – computers, tablets and TV sets - and facilities – good internet connection and appropriate environment to study at home - make them less likely to follow remote learning alternatives that have been put forward. In Bhutan, families were under pressure to undertake extra expenditure to purchase gadgets and required technology for children to be able to follow classes remotely.10

Incomplete social protection systems and low coverage of existing programmes limit the response to theCOVID-19. Shock-responsive social protection systems can provide income support to families, particularly those with members working in the hard-hit sectors such as tourism-related activities, including hotels and restaurants, and informal workers that rely on large agglomeration of people to sell their products and services. As millions of parents worldwide struggle to maintain their livelihoods, scaling up social protection interventions is crucial to mitigate and prevent that millions of children fall into poverty. Recent estimates of UNICEF and Save the Children project a worldwide increase of between 62.8 million and 86 million children living in poverty, varying with an optimistic and pessimist scenario. For South Asia, figures vary between 7 million and 12 million children, respectively, an increase of 9% over the baseline.

In the context of Covid-19 crisis, Bhutan has taken several closure and containment steps to combat the spread of the virus. The Oxford Stringency Index has placed Bhutan’s stringency at 74.04, meaning not highly stringent as Bhutan has not adopted a nationwide strict lockdown. Partial lockdowns are only planned to be imposed in areas where a number of local people have tested positive for COVID-19, as of July 4 it was only declared in the small rural district of Jomotshangkha on May 1. However, since tourism was largely restricted, many families have seen their incomes wither and many businesses were closed or had limited clients. Before the pandemic, the country was expected to grow 5.6% in 2020 according to the World Bank Global Economic Prospects, now the forecast has decreased to a meagre 1.5% due to the COVID-19 crisis.

This brief will focus on the need to upscale child-sensitive and shock responsive social protection in Bhutan through the introduction of a universal child benefit adapted at each point of the child’s life-cycle so that the social protection dimension can act in a complementary way with the broader food security, nutrition, health and education policy. It is important to bear in mind that the COVID-19 crisis has affected income security of families with children, but affected workers are not necessarily among the poorest in the country. However, given the lack of child-related social insurance benefits, the income security through Relief Kidu response, although appropriate and targeting the right sectors, is not anchored on long-term social protection mechanisms. It may also miss on families that are not necessarily working in the tourism and related-sectors, but also suffer from the overall negative shock through indirect channels.

Incorporating income security for families with children – which are roughly 70% of families in Bhutan – in the country’s social protection system, is something in line with the social protection floor initiative and will certainly improve children’s well-being both in the short and long-term, by increasing investment in human capital, but also by contributing to increase social protection coverage and making Bhutan’s social protection system more shock-responsive. Both dimensions will contribute to the achievement of the 2030 Sustainable Development Goals.

10 http://www.education.gov.bt/ and
2. Income protection for families with children as a fundamental human right

2.1. International legal framework adopted by Bhutan

Social protection is recognized as a fundamental human right in several international instruments. Article 22 of the *Universal Declaration of Human Rights* states that every person has the right to social security (social protection). Further articles highlight people’s right to adequate living standards to ensure her health and of her family, including protection against unemployment, illness, widowhood, old age, and loss of livelihoods. It equally highlights that maternity and children should have right to special assistance.

The 1969 International Convention on the Elimination of all Forms of Racial Discrimination states the right to social security to everyone without distinction of race, colour, national or ethnic origin. The 1981 *Convention on the Elimination of All Forms of Discrimination against Women* states that women have the right to social protection covering all contingencies highlighted in the Universal Declaration of Human rights, including maternity protection. The 1990 *Convention on the Rights of the Child* recognizes the rights of all children to social protection and the State Parties should ensure the realization of this right in conformity with national legislation. When benefits are adopted, they should be granted considering the resources and circumstances of the child and of the persons responsible for them to ensure the child’s maintenance. The 2002 *Convention on Regional Arrangements for the Promotion of Child Welfare in South Asia* states that States Parties shall implement policies to accelerate the progressive universalization of the child’s access to basic services and conditions to facilitate child development. Thus, they should ensure appropriate legal and administrative mechanism as well as safety nets. In particular, State Parties shall adopt multi-pronged strategies, including education opportunity and safety nets to fight child labour through support to families with children.

2.2. Bhutan’s child-related social protection instruments

According to the ILO, social protection expenditure in Bhutan, excluding health, is only at 0.1% of GDP, adding health, it reaches 2.7% of GDP (2014). Bhutan has a limited scope of legal coverage of statutory social protection programmes. There are statutory programmes for old age, survivors, disability/invalidity and employment injury, but no provision for unemployment, child and family, and limited provision for maternity and sickness. Thus, for the active age population and children there are no specific social protection programme beyond occasional social assistance. Even for the elderly, only 3.2% of the population beyond retirement age is covered and the level of active contribution to a pension scheme in the labour force above 15 years old is at 12.1%.11

Social insurance in Bhutan relies on the schemes offered by the National Pension and Provident Fund (NPPF); the Group Insurance Scheme (GIS) and the Rural Insurance, managed by the Royal Insurance

Corporation of Bhutan. Employees from firms with at least five employees and with labor contracts lasting at least one year must participate in the NPPF while employees from firms with five or less employees have to rely on voluntary coverage.

As for social insurance benefits, children are eligible to survivor’s benefits: (i) a lump sum as employer liability and (ii) a lump sum from provident fund. In addition, as employer liability, 100% of the employee’s last earnings is paid for at least 90 days. There is no child or family allowance in Bhutan’s social insurance framework as developed in the 2007 Labour and Employment Act. According to article 106 (d), (e) of the Labour and Employment Act 2007, employees are entitled to maternity and paternity leave. The amount of the maternity benefit is 100% of the employee’s last earnings for at least 90 days, while paternity benefit is 100% of the employee’s last earnings is paid for at least five days (10 days for civil servants) during the two weeks after childbirth.

The 2007 Labour and Employment Act ensures that mothers can return to the same or similar position she had before maternity leave as well as the right to interrupt work for one hour after the expiration of maternity leave to nurse her child, and this hour will be counted as paid work time. Night shifts during pregnancy and after delivery are not allowed.

The 2012 Regulation on Occupational Health, Safety and Welfare states that a creche defined as a suitable room adequately lighted, ventilated and in good sanitary condition shall be provided for the use of women employees at every workplace where women work. Children in the environment shall be supervised and cared for by an adequately trained woman.

Bhutan’s 2007 Labour and Employment Act sets the minimum legal age of employment at 18 years but does allow children between 13-17 years to work except on those areas considered the worst forms of child labour as specified in the Section 9 of the Act. Such provision is not aligned with ILO convention 138 on minimum age that states that this age should not be less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years. One argument used against enforcing a minimum age as proposed by ILO convention is that it would make families who need their children to work worse off as it would reduce their total income.

As for social assistance, Bhutan has a constitutionally mandated allowance for children with no income to attend school. His Majesty’s Kidu Office manages a welfare (Kidu) system comprising of cash and in-kind transfers to Bhutanese citizens. The beneficiaries must be deemed needy, disabled or landless, or be a child without source of income to attend school. Thus, the Kidu system is a source of welfare support for the poorest and vulnerable. Kidus under the prerogative of the Druk Gyalpo provides benefits under the form of land grants, monthly living allowances and scholarships.

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12 Dolkar, Chimmi (2012). ADB Project number 44152. Regional — Capacity Development Technical Assistance (R–CDTA)
13 Employer’s liability cover persons employed with a contract that lasts at least one year.
14 Provident fund is mandatory for persons employed in firms with at least five employees and with labor contracts lasting at least one year and voluntary for employees of firms with up to five employees.
16 Civil servants can take up to 6 months of maternity leave and are eligible for Basic pay, Difficulty allowance, High Altitude allowance from the date of start of the maternity leave. For more details: https://www.rcsc.gov.bt/wp-content/uploads/2019/02/Readable-BCSR-2018.pdf.
18 It is important to bear in mind that Bhutan is not part of the ILO. See https://thebhutanese.bt/no-plans-yet-for-bhutan-to-be-an-ilomember-labour-minister/.
However, the scholarships have a very low coverage. According to the 2017 Bhutan Living Standard Survey (BLSS), only 1.7% of the students aged 4-22 years old received a scholarship. In addition, a review of the education related granted (scholarships) have shown that most of the financial and in-kind support is targeted at talented students\(^{22}\) rather than to support those living in poverty and vulnerable to drop out of school at primary or secondary levels. Still according to the 2017 BLSS 45% of the scholarships (See Table 1) are provided to students attending tertiary education (universities) even when targeting students from vulnerable families. It is clear from Table 2 that there is no clear association between belonging to the poorest quintile and receiving a scholarship, pupils in the 4th quintile are the ones who are over-represented among those granted a scholarship. For that reason, it has been recommended that comprehensive child-sensitive social protection interventions\(^{23}\) should be provided to improve child-related outcomes, particularly in the education sector.

Table 1 – Distribution of pupils with scholarship by educational level/age group

<table>
<thead>
<tr>
<th>Educational Level associated with age group</th>
<th>Age group</th>
<th>Pupils with scholarship (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>preschool</td>
<td>4 - 5 years old</td>
<td>1</td>
</tr>
<tr>
<td>primary</td>
<td>6 - 12 years old</td>
<td>7</td>
</tr>
<tr>
<td>lower secondary</td>
<td>13 - 14 years old</td>
<td>8</td>
</tr>
<tr>
<td>Middle secondary</td>
<td>15 - 16 years old</td>
<td>11</td>
</tr>
<tr>
<td>Higher secondary</td>
<td>16 - 17 years old</td>
<td>27</td>
</tr>
<tr>
<td>Tertiary</td>
<td>18 - 22 years old</td>
<td>45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Author’s elaboration based on the 2017 BLSS

(Quasi) universal child benefits or a large-scale conditional cash transfers are potential candidates to fulfil this recommendation and to support the realization of other child rights such as the right to food security and nutrition, the right to health and the right to education from the demand side. As a by-product of these interventions, child labour prevalence and school drop-out might decrease, leading to an increase in the level of human capital which would contribute to a (positive) structural transformation of the economy, increasing productivity and reducing poverty and vulnerability. In Section 3, we summarize some of the evidence around cash transfers programmes on key child-related outcomes as well as on myths around potential negative effects.

Table 2 – Distribution of pupils and scholarships by quintiles of per capita consumption

<table>
<thead>
<tr>
<th>Quintile per capita consumption</th>
<th>% scholarships</th>
<th>% Pupils</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest quintile</td>
<td>24</td>
<td>22</td>
</tr>
<tr>
<td>2nd quintile</td>
<td>15</td>
<td>21</td>
</tr>
<tr>
<td>3rd quintile</td>
<td>17</td>
<td>20</td>
</tr>
<tr>
<td>4th quintile</td>
<td>25</td>
<td>19</td>
</tr>
</tbody>
</table>

See different scholarships provided by the Kidu system at this webpage: [https://kidufoundation.org/our-projects/education/](https://kidufoundation.org/our-projects/education/)

Finally, it is important to highlight that Bhutan has a National School Feeding Programme implemented by the Ministry of Education and supported by WFP with 74,726 students (2019) benefitting from the program (WFP), with an additional 30,000 to be included near future from the remote parts of the country.24

### 3. Cash transfers: design features and impacts

#### 3.1. Design features: some guidelines

Countries whose Social Protection Systems include child-related cash transfers (UCT – Unconditional Cash Transfers, CCT – Conditional Cash Transfers, UCBs - Universal Child Benefits, and qUCB – quasi-Universal Cash Benefits) were best equipped to respond scale-up social protection measures to respond to the COVID-19 crises. These programmes have proven to be shock-responsive: (i) benefit values have been temporary increased (vertical expansion) to support families with children so that the crisis does not affect children’s well-being in dimensions, such as nutrition, education, health and/or lead to an increase of child labour; (ii) coverage expansion based social registries linked to these programmes has helped to reach the missing middle. The expansion of cash transfers in the context of a covariate shock like the COVID-19 prevents families from adopting negative coping strategies that can lead to children’s human capital loss. Therefore, the implementation of a child-based cash transfers in Bhutan would not only reduce monetary and multidimensional poverty child poverty, but would also increase the resilience of households to negative shocks.

**Beneficiary identification and selection for UCTs, CCTs, UCBs and UCBs (targeting)**

UCBs and qUCB target children are usually considered a pro-poor or progressive transfers, despite its universal or quasi-universal characteristics, because presence of children in a household is usually associated with poverty prevalence (i.e. poor households have more children than non-poor households). UCB is paid on a regular basis as a cash or tax transfer to caregivers of children (usually) under 18 years of age. qUCB are universal cash or tax transfers that are short-term, age-limited, or paid for a limited period over a period of childhood (e.g. to all children 0-5 years); or means-tested qUCB, which ‘screen out’ high-income households.25 Thus UCB and qUCB imply categorical targeting, by focusing on children in the case of UCB and some light means-testing to select out well off households. On the other hand, CCTs tend to be poverty and/or vulnerability targeted, selecting households according to their means.

The rationale behind targeting is to maximize the benefit and/or minimize the costs and it is usually focused on the poor or a sub-set of the poor (Grosh 2008). Programmes that target the poor, often target the poorest quintile of the population, which allows paying a larger amount to children in poorest

<table>
<thead>
<tr>
<th>highest quintiles</th>
<th>19</th>
<th>17</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL %</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>TOTAL (N)</td>
<td>3,047.45</td>
<td>177,195.71</td>
</tr>
</tbody>
</table>

Source: Author’s elaboration based on the 2017 BLSS

24 https://insight.wfp.org/a-brighter-future-for-bhutans-children-b798b331410a
households for a given budget, as money transfers are not made to more affluent quintiles of the population that might not need the resources.

**Targeting methods**: some methods require assessment of eligibility of applicants based on socioeconomic conditions (means-testing); others are categorical i.e. a certain age group or group of people in the society, such as younger children or students in secondary education (categorical); or geographic targeting, providing benefits in a specified geographic location in a country.

(i) **Verified means test (MT)** is very commonly used. It requires collecting household data on income and verifies it against other source of information (social security agency registry, tax authority, property registry, etc). If this information is not available, information can be verified via records of transactions (utility bill, tax payments, etc).

(ii) **Unverified means test** is also used, and it means that there is no independent verification of income. Sometimes only a social worker might visit the household for a qualitative verification. Means or income testing are best in economies with high literacy and recorded economic transactions.

(iii) **Proxy means testing (PMT)** is usually adopted in countries with large informal sector where verification process would be costly to implement. PMT produces a score for the applicant households based on easily observable household and individual characteristics, such as dwelling quality, ownership of durable goods, demographic structure, level of education of the head of household, etc. The household score is compared to the predetermined cutoff value usually linked to a poverty threshold. On the downside, PMTs are not sensitive to idiosyncratic (individual/family level) or covariate (national) economic shocks because the PMT scores are invariant to short and medium-term changes in household disposable income or household welfare, meaning in a shock, a PMT will not best indicate which households might be in need of help. Means testing and proxy-means testing are the costlier options but often result in the lowest inclusion errors, at the cost of higher exclusion errors.

(iv) **Geographic targeting (GT)** limits the beneficiaries of a programME to the targeted location. This method is often used in combination with other methods. Usually in the context of child-related cash transfers it focuses on districts with higher incidence of malnutrition or school drop-out. (e.g. Tayssir programme in Morocco26).

(v) **Categorical targeting** is based on the selection of a particular demographic group of the population like the disabled, the elderly, unemployed adult in the household, or children. In the case of children, it can cover all children from 0-18 years old (sometime more) or some specific age-group (e.g. 0-3). Usually it is combined with other targeting methods.

(vi) **Community-based targeting (CBT)** exists where traditional communal structures and community committees are used to list and/or validate potential beneficiaries according to pre-defined set of eligibility criteria. This targeting method is advantageous due to being more accurate, less costly, more attune to welfare and needs but at the same time has a caveats of potentially accentuating existing patterns of social exclusion or can undermine authority of local actors and social cohesion, since they have to pick ‘winners’ and ‘losers’ (Grosh 2008).

UCB is paid to all children and does not include means-testing (paid independently of household’s income). There are no other categorical requirements besides the criteria of a child in the household. qUCBs in the world have used (i) – (vi) targeting methods, often in combination, such as is the case of the Bolsa Familia combining geographic targeting at municipal levels (municipal level poverty estimates to determine beneficiary quotas) with means testing based on self-reported income plus cross-verification.

with official databases. In the context of the COVID-19 response, countries with larger CCT programmes such as Pakistan, Indonesia, Peru, and Brazil have used their CCTs and UCTs databases to ensure both vertical and horizontal expansion to respond to the COVID-19 crises. In this context, eligibility thresholds have been moved upwards to ensure the inclusion of those who were not poor at the moment of the inscription in the programme but were at risk of falling into poverty due to the COVID-19 economic crisis.

Targeting errors: The **errors of exclusion** (eligible, but not benefiting) are addressed largely through outreach activities, making sure that the needy families have information, capacity, access to apply for the benefit. Main reasons for exclusion are insufficient budget, insufficient importance of outreach and administration, incorrect classification of eligible applicants. This means that the CT programmes must have adequate staff, travel funds, media campaigns, targeted dissemination of information, etc to do outreach and operationalization of the benefit for the beneficiaries. To reduce **errors of inclusion** (people not eligible but receiving the benefit), requires a good definition of eligibility at a tolerable cost of administrating it. It is also important to bear in mind that errors of inclusion may happen due to statistical methodology employed for beneficiary selection or due to income volatility (Grosh 2008).

**Conditionalities**

UCBs are unconditional. However, other forms of CTs can have conditionalities. Conditionalities exist when a child benefit is allocated only if the family follows a prescribed course of action. The main motivation of instituting conditionalities is wanting to facilitate access to and utilization of basic services by the beneficiaries, such as regularly attending school or visiting healthcare facilities for vaccinations. CTs are meant to encourage beneficiaries to invest in their children’s human capital through better access to schooling, nutrition or health. If conditions are not followed, sanctions or additional help to get back on track with the conditionalities can be applied to the families. A common concern with conditionalities is that they might exclude exactly the group they desire to target who might face the higher barriers or opportunity costs to comply with the conditionalities. There are studies that speak for and against conditionalities, therefore, conditionalities must be carefully designed (ODI/UNICEF 2020).

**Registration**

Open registration process entails that people can apply at any time (on-demand). Other option for beneficiary registration is census surveys, which however are conducted infrequently (Grosh 2008). One can also have mixed registration based on census and on-demand. In the context of covid-19, it is feasible to do extraordinary registration that is preferably done virtually to avoid possible health hazards resulting from human contact. Families could also be automatically enrolled in the program if up to date registries (civil registry, etc) exist in the country that would help to determine the targeted group of families with children under 18 years of age. In the context of the COVID-19, many countries – including Bhutan - have adopted online platforms to receive applications from potential beneficiaries of the emergency cash

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28 About 4.5 million beneficiaries of the Ehsas Kafaalat – a UCT – have received an increase (vertical expansion) during 4 months to support them to smoothen the impact of the COVID-19 on household’s consumption levels.

29 Indonesia flagship CCT programme (PKH) has expanded its coverage (horizontal expansion) from 9.2 to 10 million beneficiary families (15% of the pop) and it also doubled benefit level for 3 months (vertical expansion). It has also changed payment frequency from quarterly to monthly to smooth the negative income shock. See Gentilini et al. (2020)

transfers. Thus, digital platforms are likely to become one important tool to registry potential beneficiaries.

**Budget considerations and transfer value**

**Targeting** can be costly, since it means adequately distinguishing who is eligible or not i.e. who needs the benefit. Making that decision incurs administrative costs (gathering information and documentation on eligibility), private costs (cash and time cost to applicant to gather information for application; traveling costs to registry site; comply with conditionalities, etc), incentive (negative incentive to work less to comply with the requirements of eligibility if for example minimum income is a criteria; or positive incentives of school meals provided to children that go to school), social costs (stigma of receiving a benefit and being seen as poor or needy) and political costs (Grosh 2008). Therefore, sufficient administrative capacity is needed. This includes considering skills and time of staff; well defined rules of the program; clearly defined institutional roles; material inputs; adequate information system and good M&E systems.

**Budget considerations**: If there are limitations on budget, it is better to calibrate the eligibility criteria. Lowering the eligibility threshold for a means testing or proxy means testing benefit, modifying the age limits for a benefit or limiting geographic coverage of the beneficiaries (urban, rural some region, etc). It should be avoided to keep the application processes open until the cap off of the budget because the people that are eligible and apply after the budget cap has been achieved, will create exclusions (Grosh 2008).

The **value of the transfer** needs to consider the overall budgetary, administrative and political constraints and concomitantly the outcome for the beneficiaries. The benefit value needs to be equal to the value necessary to achieve the desired impact on the intended outcomes (in the current case this is ensuring that children continue eating nutritious meals, can continue following classes remotely and do not take up work to help families make ends meet on the expense of their education. Thus, considering not only the direct costs of keeping children in school. The benefit values can be determined against national poverty lines, or against an international poverty line or yet setting the transfer relative to median income or consumption.

If conditionalities are applied, the health or nutritional based cash value would have to compensate the families for the cost of the time to take them to check ups and to attend nutrition education events. The education grant needs to compensate the family for the opportunity cost of sending them to school versus the children working as well as the direct costs associated with schooling (school materials, etc) (Grosh 2008).

According to Grosh (2008), most developing countries’ budget allocation to CT programs remains less than 2% of GDP and in Western Europe is more than 2% of GDP only to social assistance programmes and much more on all social programs. An administrative advantage of a UCB and qUCB compared to other types of geographic, means-tested cash transfers is uncomplicated registration as the eligibility criteria is straightforward (ODI/UNICEF 2020), therefore lower costs of administration. Ortiz et al. (2017)\(^3\) in a review from several social assistance cash transfer programme have found that universal (cash or near cash) schemes reviewed exhibited the lowest average administration cost at 2.5%, whereas targeted (cash or near cash) schemes had an average administration cost of 11% per cent. However universal programmes tend to have a larger budget than targeted programme, so that the 2.5% of a larger programme can cost more than 11% of a smaller programme

**Implementing institution**

Social Welfare ministries usually administer the cash transfer programs. But it is not unusual to find other sectoral ministries such as Ministry of Education and Ministry of Health in charge, particularly when it

targets only a specific age-group such as school-aged children or early childhood, respectively. In the case of Bhutan as the Kidu Fund is the main social protection institution in the country, the child grant could be administered by them.

Payment system

Benefits need to reach beneficiaries at the right time with right frequency while controlling the costs to the programme and to the beneficiaries. In many countries an acceleration has been observed in the process of financial inclusion of beneficiary families. This process was boosted by the covid-19 social protection response as online digital bank accounts and mobile money became the most appropriate method of payment.

Grievance mechanism and complementary services

A grievance mechanism helps to uphold the reputation of the programme. People can appeal decisions of their eligibility, payment, conditionalities or contest possible other perceived or real mistakes in the program (Grosh 2008).

Monitoring and evaluation (M&E)

M&E is essential to CT programs. The M&E systems are useful to enhance program effectiveness, better budget allocation and accountability. The monitoring bit requires continuously supply of information on how well the program is working. Monitoring is usually done against a set of indicators and targets that help to determine the well-functioning of the program. It is an integral component of the program. Monitoring provides information, such as how much money is spent, how many beneficiaries the program has, and how effective are the services.

Evaluation is usually an external assessment (by external consultants of firms with specialized skills) of the effectiveness and attainment of the impact of the program. Program evaluation are not carried out often and they usually try to answer only a few questions on impact or targeting accuracy. Some methods of evaluation are impact evaluations, process evaluation or assessment of targeting accuracy. If an evaluation were to be carried out for this program, it would entail answering some question along the lines of children going back to school after the covid-19 or estimating the program’s nutritional outcomes (e.g. cases of anemia) of the children compared to a control group.

A M&E system would need to be developed, including components of the exact objective of the program (preventing additional child poverty in the country by providing extra real income to the HHs). Logical framework and theory of change would need to be developed the program. The components of the LFA are the already mentioned exact objective; output, outcome and impact indicators; assumptions and risks.

3.2 Cash transfers for children and their impacts worldwide

For at least the past ten years, cash transfers have been increasingly embraced by low- and middle-income countries as a measure to deal with socioeconomic vulnerabilities and provide social protection. Most low- and middle-income countries now have at least one non-contributory unconditional cash (UCT) transfer programme and a smaller number of countries have conditional cash transfer (CCT)
programs. Countries adopt UCTs and CCTs because there is good evidence of their effectiveness (Bastagli et al. 2016).32 Conditional cash transfers (CCT) originate from Latin America in the 1990s but there are now also large scale CCT programs in Pakistan and other South Asian countries (Ibarrarán et al. 2017). CCT have been effective in reducing inequality and poverty and increased consumption of better-quality foods. Brazil’s Bolsa Familia, which is the world’s largest CCT has decreased poverty headcount in the range of 12-18% (ODI/UNICEF 2020). One consistent finding is that CCT reduce child labour and increased school enrollment and attendance (Ibarrarán et al. 2017). Important impact has been achieved with the unconditional universal child grant (UCG) in Nepal, Box 1.

Box 1: Nepal’s Universal Child Grant (UCG) – the positive impacts

The Nepalese UCG is an unconditional non-contributory cash transfer established by the government in 2009, targeting all households with children under five years old.

A quasi-experimental evaluation revealed that the UCG led to a reduction in the prevalence of stunting (5.2%), underweight (7.4%) and wasting (2.8%) among children under the age of 5. The study concludes that child-sensitive transfers are an effective means to reduce child undernourishment (Renzaho et al. 2017).33 Another study by Renzaho et al. (2018) demonstrated that the UCG reduced the proportion of households which reported drinking water from unimproved sources (5.5%), unimproved sanitation facilities (46.6%) and practicing unsanitary disposal of children’s faeces (42.2%).

Furthermore, a qualitative research by Adhikari et al. (2014) determined that due to the UCG, families purchased more food and/or more nutritious food. Additionally, some families were able to buy other items, such as clothes, notebooks, school lunches or pay for minor health expenditures and a lesser set of households used the cash to buy or repair agricultural tools and to purchase animals.


Largely, cash transfers achieve the envisioned impact across the world on nutrition, education, health, and safety. In 2016, CCT and UCT programmes across the world (27 in Latin America, 11 SSA and 2 South Asia and Pacific) were reviewed for their impacts on health and nutrition. They used a range of indicators, such as improvements in diets and visits to health facilities and found that out of 12 on impacts on dietary diversity, seven displayed statistically significant changes that were improvements for a range of dietary diversity measures. Moreover, CT improved the usage of health facilities in nine cases out of 15 of the studied reports. Three studies reviewed the effectiveness of conditionalities and found that conditions on appearing to health visits led to a higher number of visits compared to transfers with no conditions. In the same review, UCT and CCT programme impacts were studied on educational outcomes, reporting that cash transfers increased overall school attendance in the short run, removing direct and indirect financial barriers to education (Bastagli et al. 2016).

To study cash transfer effects on poverty indicators, 44 studies were reviewed, out of which 35 studies indicated that cash transfers increase total household expenditure with 26 of them with a statistically significant effect. The percentage point changes of expenditure per capita were as high as 33% in the case of Peru’s Juntos. Mostly the increase of expenditure was on food items. The other studies that found non-significant effects of cash transfers found some issues with design and implementation features, such as a low level of transfer or delays in disbursement or changes in household behaviour. Therefore, with cash transfers, important consideration need to be given to the design features of a programme, namely issues of who receives the transfer (men, women, grandparents); transfer amount; transfer timing; conditional

33 https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5750920/
versus unconditional; length of benefit; and complementary interventions (e.g. in-kind transfers) have to be taken into consideration (Bastagli et al. 2016).

According to the Transfer project34, which is a research initiative on cash transfers supported by UNICEF Innocenti, FAO and others that has documented the results of 13 rigorous large-scale impact evaluation over 13 African countries, several concerns about CTs are not confirmed by the evidence available. They show that:

- **Cash Transfers is not wasted; it is not spent on alcohol and other bads**: There is no “evidence that respondents in treatment communities report a higher prevalence of alcohol consumption or larger increases over the past year. In fact, the few differences that are statistically significant go the other way (Zambia (CGP) and Zimbabwe (HSCT)), showing significantly lower rates of perceived alcohol “problems” and fewer increases in treatment communities.”

- **Cash Transfers is not a hand-out or cause dependency and laziness.** It is invested for development in children and productive activities: “Results show that in every evaluation, with the exception of Kenya CT-OVC, there are significant, positive impacts on at least one productive indicator, with the magnitude and type of investment varying across countries”. In addition, “Across the eight evaluations included in this report, the impacts on secondary schooling enrollment were significant in six evaluations, ranging from 6.5 percentage points (Lesotho CGP) to 15.7 percentage points (Malawi SCTP). These impacts are in line with and often greater than those found in the conditional programs in Latin America”.

- **Cash Transfers does not lead to inflation or disrupt the local economy**: spending on local goods and services leads to large local economic multipliers. “Local economy simulations indicate that rather than having no effect at all—or making everyone worse off through inflation—the programs generate substantial impacts for non-beneficiaries. Nominal multiplier effects range from 1.27 in Malawi to 2.52 in Ethiopia (Hintalo area). This means that every dollar transferred in Hintalo generated an additional $1.52 of benefits for the local economy through the multiplier effect.”

- **Cash Transfers does not increase fertility**: “existing evidence indicates that programs have increased birth spacing among women in South Africa and delayed pregnancies among youth in South Africa and Kenya while inducing no fertility impacts in Zambia and Malawi.”

- **Cash Transfers are not fiscally unsustainable**: “the annual cost of a UCT in 2012 would range between 0.1 and 2 percent of GDP for most countries, with an overall average of 1.1 percent of GDP.”


By May 22, cash transfers (conditional and unconditional) accounted for half of the social protection responses to the Covid-19 crisis by government across the world, amounting to 283 different measures. About 161 of the 283 cash transfer measures are new schemes in 104 countries and one-fourth of the

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34 Handa et al. (2018) [https://academic.oup.com/wbro/article/33/2/259/5127165](https://academic.oup.com/wbro/article/33/2/259/5127165)
measures are one-off payments. The cash transfer value on average has been 25% of monthly GDP per capita and the duration of programs ranges from 1-6 months with an average of 2.9 months. 35

Many of the lower middle-income countries are providing cash transfers to their population. Bangladesh provides a one-off cash transfers of Tk 2,500 (about USD29) via mobile banking to 5 million of most vulnerable households affected by the Covid-19. 36 Bolivia has created three emergency cash transfer programs, namely Bono Familia (BF), Bono Canasta Familiar (BCF) and Bono Universal (BU). Two of them were a top-up of existing social protection programmes. BF will reach almost 65.3% of the population and provide a top-up of Bs $ 500 (about USD72). BCF is a transfer value of Bs $ 400 (about USD72) designed mostly elderly but also pregnant women, mothers of children below 2 years old, and people with disabilities accessing subsidies. The third programme, BU, targets informal workers and self-employed.37 Besides the example of Bolivia’s BCF, many other countries, such as Armenia, Bulgaria, Georgia, Greece, Jamaica, Russia, etc. are targeting their Covid-19 cash transfers to families with children. 38

How do we ensure that the most vulnerable are reached and no one is left behind? In a shock like the current pandemic, families need to have assistance in a transparent, clear, and fair way. Universal transfers, such as pensions, disability benefits and universal child grants are recommended as effective instruments to respond to large covariate shocks (such as COVID-19) due to their large coverage. An advantage of universal and large cash transfer schemes is that they are not hard to set up, which is valuable in the Covid-19 context as pointed out by (Kidd, Athias, and Kidd 2020).

In the Covid-19 crisis, another important aspect is being able to provide social protection to the aforementioned informal workers that represent the largest chunk of those not covered by social protection in middle income countries, the so-called missing middle. These are people who work but do not have very stable work and are hardly ever covered by any social protection programs. An emergency universal child benefits would enable reaching both the families of the formal and informal economies as a supplementary family income (Kidd, Athias, and Kidd 2020) while targeting children and their vulnerabilities in the Covid-19 crisis.

4.2. The COVID-19 crisis and Bhutan Social Protection response

In April 2020, UNDP and Bhutan’s National Statistics Bureau carried out a rapid assessment survey of the COVID-19 impacts on the tourism and related sectors. The assessment showed that tourism sector employees (regular and casual without personal savings and employer saving schemes) have been severely affected from the beginning due to Covid-19 measures. 74% of the affected households indicate a significant drop in income, 50 to 100%. Estimated 50,000 Bhutanese (ca. 16 percent of the working population) are employed in the tourism sector while this estimate doesn’t include the informal sector workers (porter and pony services, trinket sellers, etc) or related businesses, such as entertainment, clothing retail and street vendors. About 65.2% of affected workers reported that they could not pay for their monthly expenses for more than two months while 17.5% indicated inability to even meet current expenses. Overall, 86.3% of persons needed a coping strategy, such as selling assets, seeking help from family or friends, or from government, moving to the village, seeking alternative employment, borrowing

35 Gentilini et al 2020 https://www.ugogentilini.net/?paged=3
36 https://www.dhakatribune.com/bangladesh/government-affairs/2020/05/18/pmo-official-no-cash-aid-for-unverified-phone-numbers
37 Gentilini et al 2020 https://www.ugogentilini.net/?paged=3
38 Gentilini et al 2020 https://www.ugogentilini.net/?paged=3
or reducing consumption; the rest said that they cope through salary, savings, or rental income. Reducing consumption is the least popular coping mechanism.39

Despite the focus on vulnerable households in the UNDP report, there is clear evidence that the affected sectors are not exactly over-represented among the poorest and the vulnerable. Using the 2019 Labour Force Survey to identify the COVID-19 affected occupation, it is possible to estimate the number and the distribution of affected workers by type of employment (See Table 1). Following the rapid appraisal categories, it was possible to estimate the number of directly affected workers in the tourism and its related sectors in 19% of the working population. The affected workers are over-represented among own-account workers in non-agriculture, 51.5%, and among regular paid employees, 28%, and then among the unpaid family workers, 15%. For these two categories, the average monthly earnings are higher for non-affected workers than affected workers, 42% higher among regular paid employees and 23% higher for non-agriculture own-account workers.

Table 3 – Average monthly earnings and distribution of Non-Affected and Affected workers by type of employment

<table>
<thead>
<tr>
<th>Type of employment</th>
<th>Non-Affected</th>
<th>Affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular paid employee</td>
<td>earnings</td>
<td>20,888</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>28.59</td>
</tr>
<tr>
<td>Casual paid employee</td>
<td>earnings</td>
<td>14,458</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>3.85</td>
</tr>
<tr>
<td>Piece paid worker</td>
<td>earnings</td>
<td>16,187</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>0.95</td>
</tr>
<tr>
<td>Own-account worker (Non-agriculture)</td>
<td>earnings</td>
<td>25,028</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>2.82</td>
</tr>
<tr>
<td>Own-account worker (Agriculture)</td>
<td>earnings</td>
<td>7,707</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>26.72</td>
</tr>
<tr>
<td>Employer</td>
<td>earnings</td>
<td>63,490</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>0.81</td>
</tr>
<tr>
<td>Family worker (Non-agriculture)</td>
<td>%</td>
<td>0.46</td>
</tr>
<tr>
<td>Family worker (Agriculture)</td>
<td>%</td>
<td>35.81</td>
</tr>
<tr>
<td>Total (col)</td>
<td>%</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Author’s own elaboration based on the 2019 LFS.

As a response to the COVID-19 crisis, the Druk Gyalpo’s Relief Kidu set up a temporary cash transfers scheme for displaced individuals, which includes those who have (1) been laid off, (2) placed on unpaid leave or reduced pay by businesses affected by COVID-19 as well as self-employed individuals that have lost their earnings either partially or completely. A committee was created to ensure widespread publicity and people apply online or through walk-in centres.40

In terms of the amount of benefits, the full amount of Nu. 12,000 per person per month will be paid to employees of affected businesses who were laid-off, had reduced pay or were placed on unpaid leave; self-employed individuals in the tourism sector who lost their earnings; Bhutanese workers who returned

40 https://royalkidu.bt/how-to-apply/index.html
from abroad because of the pandemic and have no other source of income). Partial amount of Nu. 8,000 per month will be paid to self-employed workers in tourism-linked businesses and other businesses affected by social distancing, mandatory closures, and curfews. Additional support of Nu 800 per child per month is granted to beneficiaries with children (disbursed in the first half of May after additional verification) The Relief Kidu has paid Nu. 150 million to 13,006 people for the first disbursement.\(^1\)

Also as a social protection response to the COVID-19, the Government has identified the most vulnerable 10,000 students (“economically backward and displaced students, single parent, those with disabilities, landless farmers, and divorced parents, including students depending on Kidu”) and is providing them take home food rations under a program called “Take-Home Ration” launched on May 28. Each student’s rations include 12kg of rice, 1.5 liters of cooking oil, half a kg of chickpeas, and 2kg of pulses, altogether worth Nu 905. The National School Feeding Programme is spending around Nu 9 million on this project. These children are also provided toiletries and menstrual hygiene supplies through UNICEF funding. If schools remain closed beyond June, the program will continue.\(^2\)

5. **Scenarios and costing for a child grant benefit in Bhutan**

One of the arguments to put forward a universal or quasi-universal child benefit (UCB) is that a majority of households in Bhutan have children (around 70%) and therefore this type of programme could be easily used to quickly respond to similar crisis via a vertical expansion of the programme – a top up expansion.

In addition, as poor and vulnerable households tend to have more children than other households, a universal child benefit boils down to a categorical targeted programme. As children is also a proxy for poverty and vulnerability, a UCB would transfer, on average, higher values to poorer households. As shown in Table 4, the lowest quintile has the largest share of children (23%) while the highest quintile has the smallest (17%).

Table 4 – Distribution of children by quintile and % of children in each quintile

<table>
<thead>
<tr>
<th>Quintile of household per capita consumption</th>
<th>Distr. Children by quintile (%)</th>
<th>% children in the quintile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest quintile</td>
<td>22.53</td>
<td>37%</td>
</tr>
<tr>
<td>2nd quintile</td>
<td>21.29</td>
<td>35%</td>
</tr>
<tr>
<td>3rd quintile</td>
<td>20.05</td>
<td>33%</td>
</tr>
<tr>
<td>4th quintile</td>
<td>19.23</td>
<td>32%</td>
</tr>
<tr>
<td>highest quintiles</td>
<td>16.9</td>
<td>28%</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>33%</td>
</tr>
</tbody>
</table>

Source: Authors’ elaboration based on the 2017 BLSS

We have also seen in Section 3 that cash transfers do not have impacts on fertility rates so that the implementation of a child grant programme should not lead families to have a larger number of children. In addition, a universal child benefit can be coupled with some key messages to support the demand for child-related services, including health, food security and nutrition, but also education. These synergies can help fighting multidimensional poverty that in Bhutan seems much more relevant for children than simply monetary poverty. Akire et al. (2017) has shown the highest children Multidimensional Poverty Index (C-MPI) MPI poverty rate (52.1%) is observed among the age group from 3 to 5 because 4 to 5-year

\(^1\) https://bhutanfound.org/press-release-from-the-druk-gyalpos-relief-kidu/

old are not attending pre-school yet. Multidimensional Poverty Index (C-MPI) Poverty rates are also high (40.5%) due to lower school attendance 15-17-year-old, 25.1% of them are not attending school and have not completed class VIII, suggesting that programmes to incentivize school completion should be a priority. They also emphasize that poor children do not all live in poor households: if policy makers decide to target only poor households, they would miss 46% of the C-MPI poor children. Finally, it is possible to find within the same household poor and non-poor children.

Akire et al. (2017) study uses 2010 data, but the situation seems unchanged since then. Data from the 2017 BLSS still shows the low coverage of pre-school as well as the unequal distribution of children attending pre-school across the per capita consumption quintiles. It shows that children from the lowest per capita consumption quintile are much less likely (13%) to attend pre-school than children from the highest quintile (46%). Expanding access and fostering demand for pre-school seems an important measure to fight C-MPI highlighted deprivations and a comprehensive universal child benefit can support it. Table 5 also shows a worrying fall in attendance rate between lower secondary and higher secondary education levels that is basically equal for the 60% poorest (quintiles 1, 2 and 3) at around 15 percentage points, and at around 15 percentage points for the 40% richest. These figures show that narrow poverty targeting child-benefit may not be a good strategy for Bhutan because it would leave out many vulnerable children in the intermediary quintiles that clearly also need support to finish their secondary education. In contrast to the priority given to the tertiary education in the provision of scholarships, the data from Table 5 highlights the need to have a comprehensive child benefit that could be clear linked with sectoral policies relevant for each phase of the child life-cycle. In the case of education, fostering pre-schooling attendance and fighting drop-out at secondary level seem clear policy messages that can be attached to a universal child benefit.

Table 5 – School attendance by Educational Level and Quintile of per capita consumption

<table>
<thead>
<tr>
<th>Educational Level</th>
<th>Quintile of per capita consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>preschool</td>
<td>13%</td>
</tr>
<tr>
<td>primary</td>
<td>95%</td>
</tr>
<tr>
<td>lower secondary</td>
<td>92%</td>
</tr>
<tr>
<td>Middle secondary</td>
<td>87%</td>
</tr>
<tr>
<td>Higher secondary</td>
<td>72%</td>
</tr>
<tr>
<td>Tertiary</td>
<td>31%</td>
</tr>
</tbody>
</table>

Source: Authors’ elaboration based on the 2017 BLSS

Would it be a feasible option to make permanent the transfer of Nu. 800 per child per month that was introduced to support children whose parents were directly affected by the COVID-19 crisis in terms of employment and earnings? Would such level of transfers attend the requirement to be high enough to generate the desired positive impacts and at a reasonable cost to ensure its sustainability? To answer these questions, we simulate the introduction of a universal child benefit using the 2017 BLSS since it also allows us to run ex-ante incidence analysis unlike the 2019 LFS.

43 For other sectors, Akire et al. (2016) point out that 21% of children 0-4 are malnourished and that among 5-19-year-old another 21% of poor children are engaged in child labour. While the former highlights the need to support families with younger children, the latter further reinforces the need to have a universal child benefit with large coverage of the population.

44 There is no information on total consumption, expenditure or income in the 2019 LFS.
As seen in section 3, the annual cost of a UCB would range between 0.1 and 2 percent of GDP for most countries, with an overall average of 1.1 percent of GDP. In addition, given the evidence gathered from impact evaluations that show successful results, the transfers should be set close to a range of 15-20% of average household consumption per beneficiary (See Handa et al. (2013)\textsuperscript{45} and World Bank (2018)\textsuperscript{46}). Table 6 shows that about 68% of the households in Bhutan have children and would receive at least one benefit of Nu. 800. The average value of the UCB received by a household with children would be Nu 1566, which represents just 12% of the average per capita expenditure of the lowest quintile\textsuperscript{47}. The annual cost of the UCB programme would be 1.3% of the GDP taking into account an administrative cost of 5% for the programme (using the upper bound). Thus, the total cost of the programme is within the range of what is usually affordable by countries, but the average level of the transfer is below what one would consider ideal to foster most of the programme’s positive impact. However, for the lowest quintile the average value of the transfer would be 12% of the household per capita expenditure. To reach at least 15% of average per capita expenditure of the lowest quintile, transfer would have to be set at Nu 1,000 (with a total cost of 1.6 of the GDP).

Table 6 – Distribution of the Universal Child Benefit – simulation of the extension and expansion of the Nu800 cash transfer to all children in Bhutan.

<table>
<thead>
<tr>
<th>Value of transfers</th>
<th># of hh’s</th>
<th>distribution of hh’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>51,769</td>
<td>31.78</td>
</tr>
<tr>
<td>800</td>
<td>39,826</td>
<td>24.45</td>
</tr>
<tr>
<td>1600</td>
<td>40,374</td>
<td>24.78</td>
</tr>
<tr>
<td>2400</td>
<td>21,661</td>
<td>13.3</td>
</tr>
<tr>
<td>3200</td>
<td>6,656</td>
<td>4.09</td>
</tr>
<tr>
<td>4000</td>
<td>2,045</td>
<td>1.26</td>
</tr>
<tr>
<td>4800</td>
<td>444</td>
<td>0.27</td>
</tr>
<tr>
<td>5600</td>
<td>91</td>
<td>0.06</td>
</tr>
<tr>
<td>6400</td>
<td>55</td>
<td>0.03</td>
</tr>
</tbody>
</table>

Source: Authors’ elaboration based on the 2017 BLSS

Comparative results of the cost at Nu800 or Nu 1,000 is presented in Table 7. Given the low level of social protection expenditure in the country as seen in Chapter 2 and the absence of child and family support in Bhutan’s social protection system, the option to start a large scale cash transfer programme for family with children seems the best choice with a view to implementing a child-sensitive shock-responsive social protection programme.

Table 7 – Consolidated results based on simulation of Nu800 and Nu 1000

\textsuperscript{45} https://www.unicef.org/evaldatabase/index_72946.html.
\textsuperscript{46} https://openknowledge.worldbank.org/bitstream/handle/10986/29115/9781464812545.pdf?sequence=5&isAllowed=y

\textsuperscript{47} 2017 BLSS consumption values were inflated using Bhutan’s consumer price index to March 2020 prices.
<table>
<thead>
<tr>
<th>Value of the transfers (Nu)</th>
<th>800</th>
<th>1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total annual costs (% GDP 2019)</td>
<td>1.30%</td>
<td>1.60%</td>
</tr>
<tr>
<td>Average value (Nu)</td>
<td>1,628.00</td>
<td>2,035.00</td>
</tr>
<tr>
<td>% benefit over average per capita consumption of the 1st quintile</td>
<td>12%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Source: Authors’ elaboration based on the 2017 BLSS

6. Conclusion and recommendations

This policy brief has outlined some important considerations for introducing a universal child benefit in Bhutan. Responding quickly to a shock, such as the current COVID-19 pandemic, is crucial in guaranteeing that child human capital is not lost due to families resorting to negative coping strategies. Universal social protection responses, such as pensions and child and family-related cash transfers and cash transfer top-ups to households or basic income measures are some of the most effective ways of ensuring adequate and timely assistance. In countries where these social safety nets were already existent, providing this kind of aid has been faster and more efficient. In order to deal with the post-COVID-19 recovery as well as to prepare for potential future shocks, the IPC-IG recommends for Bhutan:

- Considering international and regional child and human right conventions that Bhutan is party to, Bhutan should accelerate the progressive universalization of the child’s access to basic services and conditions for child development.
- Majority of the households in Bhutan have children (around 70%) and therefore a UCB type of programme could be easily used to quickly respond to a crisis similar to the COVID-19 via a top up expansion. It is recommended that Bhutan invests in universal social protection programmes.
- Social protection expenditure in Bhutan, excluding health, is minimal, remaining around 0.1% of the GDP. Bhutan’s social insurance framework does not include a child or family allowance and for children there are only some occasional social assistance programmes. This policy brief recommends investing a little more than 1% of GDP per year in children via a Universal Child Benefit in order to attain successful results on children’s human capital development.
- UCB in the current COVID-19 pandemic is recommended since a universal programme is rather easy to set up due to relatively clear eligibility criteria, which reduces administration costs, compared to more complex means-testing and combined categorical methods. Conditionalities on cash transfers, such as health and education are out of reach and not useful in a similar shock situation due to school closure and reduced access to health care, which would only create extra costs on families trying to comply with them. For post-COVID-19, conditionalities could be considered but would have to be well designed in the context of Bhutan. Quasi Universal Child Benefit could be considered, targeting pre-school children and those in the 15-17-year-old cohort, if the Government considers a progressive approach to reach a UCB.
- It is important to bear in mind that it is possible to find within the same household poor and non-poor children, in such a context narrow poverty targeting child-benefit may not be a good strategy for Bhutan as it would leave out many vulnerable children that also need support for example to finish their secondary education.
