

PROCEEDINGS AND PAPER ABSTRACTS
OF THE
Himalayan Policy Research Conference (Twelfth Annual)
Nepal Study Center

Thursday, October 26, 2017, Madison Concourse Hotel and Governors' Club, Pre-conference Venue
of the 46th South Asian Conference at the University of Wisconsin-- Madison

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Session 1: Graduate gender panel session

Chair: Soumi Roy Chowdhury, University of New Mexico, USA
Kristina N. Piorkowski, University of New Mexico, USA

Discussants:

Siobhan Yilmaz, University of New Mexico, USA
Soumi Roy Chowdhury, University of New Mexico, USA
Kristina N. Piorkowski, University of New Mexico, USA

Session 2: Migration and Development

Chair: Alok Bohara, University of New Mexico, USA

Discussants:

Sakib Mahmud, University of Wisconsin-Superior, USA
Nayan Krishna Joshi, IIDS at Kathmandu University, Kathmandu, Nepal
Seth R. Gitter, Towson University, USA

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Welcome Note from Editors

On behalf of the editorial board of the *Development Journal of the south (DJS)* and the conference organizing committee, I would like to thank all the participants at the Tenth Annual Himalayan Policy Research Conference (HPRC) held at the venue of the University of Wisconsin's 46th Annual South Asian Conference, Madison, WI.

As usual, we had a very successful event with an enthusiastic participation from all over. A larger number of abstracts were carefully screened and ranked by a team of our dedicated NSC member scholars – Dr. Jennifer Thacher, Dr. Mukti Upadhyay, Dr. Vijaya Sharma, Dr. Sakib Mahmud, Dr. Prakash Adhikari, and Dr. Shikha Silwal. NSC was established at the University of New Mexico in 2004 with the objective to promote policy research related to the South Asian region and the countries of the Himalayan region. The NSC team remains dedicated to creating platforms for the enhancement of knowledge sharing, particularly in the areas of sustainable development, environment, poverty, governance, and health. Among its other prominent activities, NSC publishes an e-portal *Development Journal of the South* which is a peer reviewed journal and maintains an electronic repository *Himalayan Research Papers Archive* to allow scholars to upload, store, and disseminate policy research, coordinates the Himalayan study abroad program, and doctoral and post-doctoral research projects.

Nepal Study Center has added a milestone by facilitating the signing of the Memorandum of Understanding (MOU) between the University of New Mexico and the Kathmandu University (KU) and the Centre for Integrated Mountain Development (ICIMOD)'s 8-country Himalayan University Consortium (HUC). On a NSF-supported exploratory research trip, NSC formed an interdisciplinary team at UNM and went to Nepal to advance understanding of the linkages and feedback mechanisms between biophysical and social factors. This is a research initiative that has led to creation of an international research hub which is Lumbini Center for Sustainability in Siddharthanagar, Lumbini, Nepal of Pratiman Neema Memorial Foundation.

Our inaugural HPRC in 2006 was ambitious in ensuring a significant convergence of researchers working on policy relevant issues on South Asia. That foundation work led to consecutive successes in the following years and has now made HPRC a durable annual event. We hope that these conferences, together with research activities performed at NSC and by its research affiliates, will culminate in the formation of an *Association for Himalayan Policy Research*. In recognition of the activities directly and indirectly supported by NSC, many scholars from North America, South Asia, Europe, the Far East, and Australia have joined this network. Our policy research association will continue to expand this global network of scholars, professionals, and policy practitioners interested in the development of the South Asian region.

The Sustainable Development Action Lab (SDAL), a new initiative from Nepal Study Center, concept builds upon the field research track record of the Nepal Study Center (NSC), a South Asia focused research center at UNM, and its various doctoral research activities over the last several years. This is an interdisciplinary approach to research, learning and problem solving by bringing together the three disciplines: *Natural Sciences, Social Sciences and Humanities*. Additionally, The Himalayan Study abroad Program initiated by NSC, which is an experiential learning

experience that combines research, hands-on community service-learning projects, & eco-adventure. This semester abroad platform will be available to other program around the country.

We are grateful to the University of Wisconsin's 46th Annual South Asian Conference for giving us the pre-conference venue. We are also thankful to those who have provided financial support to conduct this conference. We appreciate the help from the staff and graduate students of the Department of Economics, UNM, and the goodwill and support of many friends of NSC. We particularly thank UNM students Naresh Nepal, Mohammad Mashiur Rahman and Soumi Roy Chowdhury for their assistance. Finally, we would like to thank our guest editors Mukti P. Upadhyay, Mohammad Mashiur Rahman and Soumi Roy Chowdhury for their help in preparing the HPRC proceedings. NSC also would like to thank NSC secretariat Tami Henri for her support.

Sincerely,

A handwritten signature in blue ink that reads "Alok K. Bohara". The signature is written in a cursive style and is underlined.

Alok K. Bohara, PhD
Editor, HJDD
Professor, Department of Economics, University of New Mexico

Acknowledgement

NSC would like to encourage all the friends of NSC to continue their financial support so that it can successfully undertake various tasks: update software, run conferences, produce proceedings, maintain electronic research repository (under construction), advertise and publish journals (HJDD). NSC is a not-for-profit organization registered under the College of Arts and Sciences, University of New Mexico. NSC would like to thank University of Wisconsin, Madison, for providing the platform for the last 12 years to participate in the conference.

PAPER ABSTRACTS

Graduate gender panel session

Differences in mental burden faced by different cancer patients: A study of Nepal.

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In our study we have made an attempt to hold personal interviews with randomly selected 600 cancer patients and 200 control patients from five different hospitals of Nepal. From our preliminary analysis, we found that Lung cancer and Breast cancer are the most common types of cancers faced by male and female population respectively. Cancer patients face higher economic burden and coupled with lack of health insurance leads them to rely on aggressive means of payments such as borrowing and selling of properties to finance treatment. In relation to the control group of patients, cancer patients face a significantly higher amount of disease specific mental burden. We took an in-depth analysis of cervical cancer patients in relation to breast cancer, all other female cancers, and all male cancer patients. Propensity score matching results indicate that cervical cancer patients in relation to other categories mentioned above face a significantly higher mental burden. One way of surviving through the disease is the social support that patients receive from close relatives and society. This helps in the recovery process specially of those patients who feel stigmatized and embarrassed in public and are at a higher risk of harming themselves due to the burden of cancer.

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Estimating Female Adolescent Smoking Behavior in Nepal

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Adolescence, for both boys and girls, is a critical period for smoking initiation. Although there is extensive literature on smoking initiation in the developed world, there is less known about this process in the developing world. This lack of solid evidence on understanding why youths smoke creates a missing link in understanding adult smoking patterns. This consequence is well illustrated in Nepal where women have the highest smoking rates of all women in South Asia. Understanding why girls begin using cigarettes, in addition to other tobacco products, can identify potential policy levers to mitigate smoking initiation. Using 2007 and 2011 data from the Global Youth Tobacco Surveillance survey from Nepal, we develop a model to identify girls who are at risk of starting to smoke, ever smokers, quitters, and the number of cigarettes smoked. The model will be estimated using multiple econometric techniques including factor analysis, conditional mixed process modeling, and will address underreporting of smoking behaviors. For this analysis, we investigate the role positive and negative enforcement, attitude, and peer influence have on smoking decisions. Positive enforcement refers to messages that promote anti-smoking sentiments and includes if her school or parents discuss the dangers of smoking and exposure to anti-smoking media messages. Negative enforcement are exposures to experiences that would promote smoking behaviors including pro-smoking media, seeing actors smoke, and being approached by a cigarette representative. Attitude represents how girl's perceive other girls and boys who smoke, if they think smoking makes someone attractive, or if smoking makes someone feel more comfortable at a party. Lastly, peer influence includes if her close friends smoke or if she would smoke if her best friend offered her a cigarette. Where the data allow, we will also explore how these factors influence other non-cigarette tobacco use, such as chewing tobacco, which girls might be more inclined to use because it is a less obtrusive form of tobacco.

Keywords: Adolescent girl smoking behavior, Gender, Global Youth Tobacco Surveillance Survey, Nepal

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Touch For Health: An Empirical Investigation of Physical Touch as Means of Improved Health Education as Measured via WTP

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Leading goals in development research revolve around enhancing health and education, particularly for women, through WASH (Water, Hygiene, and Sanitation) initiatives focused on knowledge and technology adoption. Despite evidence that such efforts can increase positive health-related behaviors and improve school enrollment of adolescents (particularly girls), more research is called for to determine means by which health education can incorporate elements that better induce positive behavior changes/ technology adoption. There is evidence that the more relevant health information can be made for individuals, the more they appear to internalize it and potentially take more steps to change their behaviors. Leveraging the endowment effect, our study utilizes a RCT framework to determine if physical/experiential learning can aid in more effective hygiene/sanitation education. Making use of primary survey data collected in Nepal in May 2016, motivation to adopt better hygiene behaviors is measured via a hypothesized higher willingness to pay (WTP) for a feminine hygiene kit presented in conjunction with a hygiene education session. Two schools were presented with this health intervention, where one group was surveyed before they received the female hygiene kits, and the other was provided their kit before the survey was administered. Preliminary results show a statistically significant positive difference between the two study groups, with a higher median WTP for girls exposed to kit first. Additionally, basic regressions provide marginal significance of our treatment variable. Stronger statistical work will be performed to confirm our hypothesis of the benefits of including physical products in future WASH education initiatives.

KEYWORDS: RCT, feminine hygiene, health education, physical product, endowment effect, WASH

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Migration and Development

Public Programs and Remittances Influence on Private Storm-Protection Actions: Is Crowding Out Effect Most Likely Outcome?

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Coastal communities in developing countries face considerable challenges regarding how to manage their response to actual and anticipated damage from major storm events. However, private defensive strategies to avert and mitigate storm-inflicted damages might be influenced by the presence of public disaster relief and rehabilitation programs and access to remittances from abroad. Given the possible nexus among these variables, we explore the dynamics of the household storm protection behavior by proposing a theoretical model. We, then, empirically tested our model based on data collected from a recently concluded household survey along the coastal areas of Bangladesh that have been frequently exposed to cyclones during 2007-2015 period. Using the household survey data, our goal is to find whether public programs for disaster relief and rehabilitation and access to inward remittances influence the economic behavior of the coastal communities by partially or fully crowding out private storm-protection actions. From policy perspectives, our theoretical and empirical findings will be particularly relevant for developing countries with poor coastal-based communities in two areas: (1) coordination between international and local or indigenous resources for emergencies and humanitarian purposes once the disaster strikes (i.e. *ex-post* response strategies based on humanitarian aid); and, (2) coordination with the affected economies to reserve development aid (not humanitarian aid) to enhance long-term capacity of coastal communities to reduce the likelihood of facing extensive storm-inflicted damages before a natural disaster event (i.e. *ex-ante* response strategies based on development aid). Our findings suggest that policies emerging from (1) and (2) can act as complements rather than substitutes to each other.

Key words: Endogenous risk, storm protection behavior, disaster response, government relief, remittances.

JEL Classification: O12; D03; Q54

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Remittances and Financial Inclusion: Evidence from Nepal

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Abstract

Research question with some background

Since 2008, Nepal has been consistently ranked as one of the top ten remittance recipient countries in the world when remittances are measured as a share of gross domestic product (GDP). In fact, among the countries receiving remittances as a proportion of GDP, Nepal stood second in 2016, first in 2015, and third in 2013 and 2014. However, despite this fact, the empirical evidence on how remittances impact financial inclusion - household's access to and use of formal financial services - in Nepal remains scarce. In this paper, we attempt to fill this gap in literature. In particular, we examine whether remittances have an impact on the likelihood of households: i) having an account at a formal financial institution; ii) having an outstanding debt; and iii) purchasing loan products from a formal financial institution. This question is important because financial inclusion has been shown to foster inclusive growth and economic development (see Demirgüç-Kunt & Singer, 2017 for related empirical evidence).

Conceptually, remittances could impact financial inclusion through a variety of mechanisms. First, remittances are typically lumpy and thus, the increase in remittances may increase the demand for deposit services at formal financial institutions because households need these services for the safe storage of their temporary excess funds (Aggarwal, Demirgüç-Kunt, & Peria, 2011; Anzoategui, Demirgüç-Kunt, & Pería, 2014; Ambrosius & Cuenca, 2016). Second, remittances reduce the information asymmetry between formal financial institutions (lenders) and recipient households (borrowers) by providing the information on the income of the households to the lenders (Anzoategui, Demirgüç-Kunt, & Pería, 2014; Ambrosius & Cuenca, 2016). This increases households' creditworthiness and the likelihood of obtaining a loan from formal financial institutions. However, remittances may also function as a substitute for credit by relaxing

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households' credit-constraints and thus reducing the households' demand for a loan from formal financial institutions. In summary, we expect ex-ante remittances to increase the households' use of accounts at formal financial institutions. On the other hand, the impact of remittances on demand for a loan is a priori unclear.

Data and Statistical Methods used

We use a unique micro-level data from a large household survey undertaken by Government of Nepal, Ewha Womans University (Korea), International Organization for Migration (IOM), and the Institute for Integrated Development Studies (Nepal) from November 2015 through June 2016, involving three of the authors, with the financial assistance from Korea International Cooperation Agency and IOM Development Fund. The survey is nationally representative and covers 31 of the 75 districts in Nepal, with the sample design created in close coordination with the Nepali Central Bureau of Statistics. The dataset includes migrant households, non-migrant households, potential migrant households, and returnee migrant households as separate target groups with individualized questionnaires. Among others, the dataset provides detailed information about the household head, remittances, banking and saving behaviour, and investment behaviour for 5837 households.

To examine the impact of remittances on financial inclusion, we use the following econometric model:

$$FININC_i = \alpha + \beta_1 + REM_i + \beta_2 X_i + \varepsilon_i$$

where, i denotes the household, $FININC$ refers to one of the following three binary dependent variables related to financial inclusion: i) whether households have an account (savings, current, fixed, or other) at a formal financial institution (bank, finance company, and co-operatives); ii) whether households the following loan products from a formal financial institution: educational loan, personal loan, business loan, housing/construction loan, and debit/credit card at the time of the survey.

The main variable of interest is REM , a dummy variable that takes the value one when household received remittances from abroad during the previous 12 months. X are control variables at the household and district level. Consistent with previous studies (Anzoategui, Demirgüç-Kunt, & Pería, 2014; Ambrosius & Cuecuecha, 2016), we include the following household-level control variables: age of the household head, gender of the household head, education of the household head, caste of the household head, log of monthly per capita expenditure as a proxy for the income level of household, and household size.

The estimate of β_1 cannot be interpreted as a causal effect because household remittances may not be exogenous. There are two reasons for this. First, there may be the possibility of reverse causality from financial inclusion to remittances, e.g., if migration is financed through debt from formal financial institutions or if financial inclusion reduces the cost of remittances, then financial inclusion might have a causal impact on remittances (Anzoategui, Demirgüç-Kunt, & Pería, 2014; Ambrosius & Cuecuecha, 2016). Second, there may be omitted variable bias: there may be unobserved factors that are correlated with both financial inclusion and remittances.

There are at least two reasons why reverse causation is less likely in our study. First, migration is less likely to be financed through debt from formal financial institutions since migrants are

normally poor individuals with little to no collateral. Second, the World Bank's Remittance Prices Worldwide database show that the recent cost of sending remittances to Nepal are, on the average, lower for money transfer operators vis-à-vis formal financial institutions. Thus, ex-ante it is not clear whether financial inclusion reduces the costs of remittances. We also considered the use of instrumental variable estimations but did not employ it because there are no good instruments in our data set.

To address omitted variable bias, we control for all the theoretically relevant observables. We also include district fixed effects dummy variables, which we believe would address the concern that districtlevel factors might be driving both remittances and financial inclusion. Furthermore, we use the approaches of Altonji, Elder, and Taber (2005) and Oster (2016) to assess how much omitted variables could potentially bias our results.

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Reporting violence against children: social norms in Nyarugusu refugees camp

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There are over two million displaced children worldwide living in established refugee camps. Many of these children have escaped violent conflict in their country, but still are victims of violence within settlement camps. Little is known about the social norms around violence in these camps particularly in regards to reporting. We study this issue using a sample of over 300 child parent pairs in Nyarugusu camp in Tanzania. The camp consists of over 130,000 refugees mainly from Burundi and the Democratic Republic of Congo. We find that parents have limited acceptance of physical violence and essentially no acceptance of sexual violence against children. Parents are slightly more likely to report physical violence against their sons. Parents seem equal likely to report sexual abuse at school for boys and girls. We also use vignettes of hypothetical violent situations against children to measure social norms of parents and children's perceptions of when children will report violence. Characteristics of the situations are randomized. We find a strong relationship between parental and children's beliefs of when the hypothetical victim would report violence. We show that for both parents and children there is a belief adolescent victims will report violence in school. These results suggest that parental attitudes may influence children and that schools may be a good place for new interventions.

Key Words:

violence, children, refugees, reporting, school, Nyarugusu, refugee camp, vignette, Burundi, Democratic Republic of Congo

For full working paper visit http://digitalrepository.unm.edu/nsc_research/75/

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Politics of Identity in Nepal - Implications for Theories of Regionalism

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Due to incredible socioeconomic stratification of society in the context of extreme demographic and regional diversity, regionalism has been a crucial political issue for Nepal during the recent democratic transition. The traditional power elite belonging to hill “high caste” groups are trying to maintain the centralized power structure to protect their own interests. On the other hand, various ethnic and regional identity groups, who have fought for autonomy and self-rule, want their identity and rights to be recognized. Despite the promulgation of the federal constitution by the Constitutional Assembly in 2015, many ethnic and regional identity groups have expressed their opposition for the restructuring of the state based on territorial principle which ignores their identity.

Despite the historical struggle of ethnic and regional groups, this research shows a significant section of the voters belonging to these groups are divided on the federal question. There is lack of internal cohesion, communication and solidarity within and across many of the identity groups, despite the prediction of such cohesion by the existing theories of regionalism. Scholars of regionalism assume that economic and social differences automatically produce ethnic mobilization and regionalism. The case of Nepal shows that such assumption is not always true as we do not find the extent of support for ethnic federalism prescribed by various theories of regionalism.

For full working paper visit

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