



European
Commission

CASE STUDY

NEPAL



SPaN
Supporting people through crisis



Guidance Package on Social Protection across the Humanitarian-Development Nexus

DEVCO
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Background to the Case Study

The Nepal case study was produced as part of the “Guidance Package on Social Protection across the Humanitarian-Development Nexus” (SPaN). It is the outcome of an initiative jointly led by the European Commission’s Directorate-General for International Cooperation and Development (DEVCO), Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO) and Directorate-General for Neighbourhood and Enlargement Negotiations (NEAR) with the support of DEVCO Unit 04 and the MKS programme.



CASE STUDY

NEPAL

Type of shock	Social protection instrument	Way the social protection system was used (typology)
Rapid onset natural disaster (earthquake)	Social transfer (unconditional cash)	Vertical and horizontal expansion (ex post)

Scene setting

Following the earthquake in April 2015, many humanitarian actors in Nepal embarked on cash transfer programmes (CTPs) to meet the needs of the affected population. Cash was recognised as a modality in the Strategic Objectives of the Flash Appeal towards recovery and resilience, while more than two-thirds of people affected identified cash as an immediate need. **Humanitarian CTPs were an appropriate modality, given the challenges in delivering in-kind aid¹ and since markets were generally well functioning.** Approximately 10% of the response in the first six months was provided through CTPs. This included emergency cash grants by the Government of Nepal's Ministry of Home Affairs for cremation costs, death of a family member, fully and partially damaged houses, and winter relief. CTPs were also implemented by international agencies through parallel systems, for shelter and other basic

needs; and support provided through the country's social protection programmes. Other humanitarian actors working independently delivered cash within a similar timeframe but not at such a significant scale.

Nepal had a well-established social protection system providing a range of cash based social transfers to vulnerable groups². The Child Grant was one such programme, initially targeting all under-five children in the remote Karnali region and to Dalit households in the rest of the country. Other social cash transfers targeted old-age, single women and widows, people with disabilities and ethnic minority groups. These are financed by the government and managed by the Ministry of Federal Affairs and General Administration (MoFAGA) and delivered through local government channels.

What it looked like

In response to the devastating earthquakes in 2015, the UN Children's Fund (UNICEF) provided technical and financial support to the Government of Nepal (GoN) to develop and implement an Emergency Cash Transfer Programme (ECTP), to support basic consumption needs of vulnerable households and act as a catalyst to strengthen and expand social protection in Nepal.

The ECTP provided emergency cash transfers to vulnerable groups in earthquake-affected areas using the existing social assistance system in two phases. In the first phase, cash transfers were provided to beneficiaries of existing social assistance programmes, including elderly, widows, Dalit children, people with disability and marginalised ethnic groups. During the second phase, cash transfers were provided to all children under the age of five. The transfers were

1 *The distribution of relief materials to earthquake victims faced several challenges: Nepal's difficult physical terrain; threats of landslides; logistical difficulties of procuring relief materials on such a large scale and transporting them to remote affected areas; and an economic blockade of the southern borders from September 2015 to February 2016 that disrupted the flow of goods from India.*

2 *Pensions to all those above 70 years of age (Nepalese rupee (NPR) 1 000 – EUR 8.41/month in 2015); single women and widows allowance (NPR 500 – EUR 4.20/month in 2015); cash grants to people with disabilities (NPR 300 – EUR 3.36/month for 'partially disabled' and NPR 1,000 – EUR 8.41/month for 'fully disabled'); child grant to children under 5 years belonging to Dalit households (NPR 200 – EUR 1.68/month/child, up to two children); marginalised ethnic group allowance.*

accompanied with behavioural change messages, targeted to both specific vulnerable groups and specific sectors, in order to link them to wider relief and recovery efforts.

The ECTP was one of the largest emergency response programmes in the country. In total, over USD 24 million were distributed to vulnerable groups during the two phases of the programme.

UNICEF was interested to reform the GoN's Child Grant, having supported a pilot expansion of this programme to all children under five (i.e. to non-Dalit households) in Karnali district, and this approach provided an entry point for broader discussions to improve the social protection system.

What it looked like/Programme design

The ECTP was implemented in two phases. Phase 1 had the objective of helping families fulfil immediate needs by providing an unconditional cash top-up of NPR 3 000 (approximately USD 30) to all existing social transfer beneficiaries in the most affected areas. Over 434 000 people (93% of existing beneficiaries) were reached in 19 districts, over a four-month period.

Phase 2 was designed to support the recovery needs of beneficiaries a year after the earthquake in the 11 most affected districts, but the targeting criteria was modified in order to focus specifically on the affected families with children under the age of five years. It provided a single cash transfer of NPR 4 000.00 (USD

40) to all children under-five years of age in the 11 most-affected districts. It aimed to provide top up payments to children already enrolled in the Child Grant programme, and support enrolment of other children under five (both Dalit and non-Dalit) into the programme. Transfers were provided for up to two children per mother, consistent with the existing government scheme. In Phase 2 the programme reached over 300 000 children below the age of five.

The ECTP had an explicit longer-term objective of supporting **expansion of the Child Grant to all children** under five and strengthening underlying systems to build the resilience of populations to future shocks.

How it was done

AIMS

The primary objective of the ECTP was to help particularly vulnerable population groups, including children, affected by the earthquakes to meet their most immediate household expenditure needs and increase their resilience to negative outcomes. In the long-term, the programme was intended to act as a catalyst for successive expansions and improvement of the Child Grant programme and set the foundation of a strengthened national social protection system that would be able to respond to future shocks.

ASSESSMENT AND ANALYSIS

In the aftermath of the earthquake, market assessments conducted by the Nepal Food Security Monitoring System (NeKSAP), developed by the World Food Programme (WFP) and supported by the EU, in its final phase, and others indicated that markets, particularly for food commodities, were recovering fast in most areas. Many humanitarian actors were planning to provide food and temporary in-kind support, but there were still gaps for vulnerable families to be able to fulfil their immediate needs. In this context, UNICEF opted to prioritise cash instead of traditional humanitarian assistance, to effectively support vulnerable households fulfil their needs, whilst providing them with flexibility.

IMPACTS

The independent third-party assessment has found that the ECTP reached over 90% of its targeted groups of the most vulnerable, during both rounds and that the programme was successful in helping vulnerable households meet the basic needs of their children and improving overall food security among those socially and economically vulnerable. Furthermore, the successful implementation of the programme using the existing social security system has been a key catalyst for the successive expansion and improvement of the Child Grant programme and is an example of a good humanitarian-development nexus for strengthening the national social protection system.

The evaluation of the ECTP also highlighted that a shock response mechanism through national systems must link with the coordination systems for humanitarian action, to ensure gaps are filled.

INSTITUTIONAL ARRANGEMENTS

The delivery of the programme involved a broad range of actors. At the federal level, The National Planning Commission (NPC), the Ministry of Finance (MoF), the Ministry of Federal Affairs and General Administration (MoFAGA) and UNICEF formed a committee for decision-making at national level. On behalf of

GoN, MoFAGA implemented the programme in coordination with local governments. Within MoFAGA, the Department of Civil Registration (DOCR) was responsible for coordinating the project with UNICEF and District Development Committees (DDCs). At the district and local levels, the DDC, Village or Municipal Development Committees (M/VDC) and Ward Offices were responsible for implementation. In addition, other independent organisations supported the implementation, community mobilisation, monitoring and evaluation of the programme.

FINANCIAL FLOWS

UNICEF transferred funds to beneficiaries using the existing government transfer mechanism. To avoid duplication, UNICEF transferred funds directly to the District Development Committees, and the Village Development Committees or Municipalities to ensure delivery to recipients. VDCs/Municipalities submitted distribution reports to the district authorities, where they were compiled and sent to UNICEF and MoFAGA.

UNICEF was familiar with the national social protection system, having supported the child grant since 2009 and being aware of the systems and procedures of the social transfer programmes. UNICEF's existing working relationship with MoFAGA meant that the usual checks required for transferring resources to government had already been done. This enabled rapid agreement to the partnership.

DESIGN

Targeting criteria

Phase I

Given the challenges of responding to a large-scale emergency, using pre-existing criteria and registries to identify vulnerable groups in specific geographically areas provided the most feasible solution, even if there would be some gaps in the response. During phase 1, registered vulnerable beneficiaries of the five existing social assistance programmes were entitled to receive the top-up, including: i) Dalit children under five; ii) widows and single women above 60 years; iii) people with disabilities; iv) senior citizens 70 or over (or over 60 for Dalit citizens), and v) minority ethnic groups. UNICEF proposed the emergency cash transfer to cover the 11 districts most affected by the earthquake. However, the government requested to cover 19 earthquake-affected districts in line with the emergency response, and this request was agreed. This negotiation delayed approvals by one month, affecting the transfer value, which will be explained in the section below.

The ECTP was not envisioned as a replacement for broader humanitarian action, as many other actors were involved in delivering aid to the affected population. Instead, the ECTP was envisioned as a top-up grant to support vulnerable households. Implicit

in the programme design was the assumption that since social protection beneficiaries are amongst the most vulnerable, they would need additional support. Providing support to these pre-identified vulnerable groups would cover a large number of people and help to address the needs of a proportion of the earthquake-affected population in a short space of time.

The ECTP achieved very high coverage rates, reaching over 90% of its target population during both phases. The targeting mechanism was well received at the community level, since the eligibility for social protection is well understood at that level. However, households that were vulnerable in the earthquake aftermath, but were not enlisted as social transfer beneficiaries were not eligible during the phase I. In addition, challenges in coordination between humanitarian actors left some gaps.

Transfer value

The ECTP was intended to support basic consumption and was not designed to cover all relief needs of households. There were several factors that influenced the transfer value. In Phase 1, UNICEF staff used calculations based on individual consumption needs, extrapolated from the Nepal Living Standards Survey 2010/11 and knowledge of other in-kind and cash programmes that were to be implemented in the project zone.

The transfer value proposed was based on consideration of the national poverty line (around NPR 1 600 per person, per month) and the budget available. In the initial proposal with only 11 districts covered, UNICEF planned to provide NPR 6 000 per beneficiary via two tranches of NPR 3 000. When coverage had to be increased to 19 districts, UNICEF had to reduce this to a single tranche of NPR 3 000 per beneficiary. This was assumed to cover nearly half the value of total per capita consumption for a four-month period.

The ECTP was smaller in value than CTPs implemented by other actors as it was intended to be complementary to other relief efforts. Some respondents reported that it was not sufficient to address the needs of the whole family. An independent evaluation considered that, given the average monthly per capita consumption, average household size and number of beneficiaries per household, the value of the ECTP was low in comparison to its stated objectives.

OPERATIONS

Registration and enrolment:

Rather than setting up a parallel system, the ECTP was delivered using the existing social transfer programmes enabling access to a large population with pre-existing vulnerabilities in a short timeframe (vertical expansion). In the first phase, the ECTP made use of existing beneficiary lists that were less prone

to manipulation and errors associated with creating a new list in the midst of an emergency response. However, this meant that other vulnerable households that were not previously enrolled in the programme were not eligible for the grants.

In the second phase, the ECTP used a different target group. In order to support the expansion of the Child Grant, phase II targeted all children under-five in the worst affected districts. This required expanding the programme horizontally to eligible children not yet enrolled in the programme. To achieve this, UNICEF hired an external firm, the Population Health and Development (PHD) group, to develop a registry of all children under five years old in the 11 districts.

Developing a census from scratch was a major undertaking, that required visits to each household to record the name, age, and gender of household members; and verify age of children – which proved challenging given limited local capacities. Despite these challenges, the development of a registry of all children under five years old helped improve birth registration rates from 48% to 94% in programme districts and laid the foundation for the universalisation of the Child Grant across the country.

Data was forwarded to VDC/ward secretaries for approval, then sent to the DDC and to the PHD group in Kathmandu for data entry and processing.

The DoCR sent a letter to each DDC with projections of the number of potential beneficiaries in each village/ward based on the 2011 census and instructed VDC/ward secretaries to nominate enumerators. UNICEF organised programme orientation meetings with Local Development Officers (LDOs) and VDC/ward staff across all programme districts, but only after the census exercise was underway. DDCs also adopted a top-down approach in communicating the instructions to the VDC/ward staff. This led to discontent among local-level government staff with regard to the lack of consultation or regard for their capacities. VDC/ward secretaries nominated enumerators without having a complete understanding of the role requirements, and many enumerators had never carried out a census before. Enumerator training was also very brief (two days) and many still lacked a clear idea about their role. Government staff were already over-worked, whilst the ECTP required very technical inputs from them while providing small remuneration.

The initial census exercise missed out a sizeable portion of children in the target districts, meaning a second round of registration was needed. Despite the provision of consistent implementation guidelines by UNICEF, VDC/ward secretaries adopted different approaches to implementing the registration. It took about three months to complete the census process, however the exercise was able to successfully identify and register roughly 85% of eligible beneficiaries.

The child grant registration process requires families to present children's birth certificates. Where no formal birth records were available, enumerators were permitted to record self-reported ages, and encouraged households to get formal birth registration documents. The evaluation found that this reduced the risk of exclusion error and also bolstered birth registrations from 48% to 94% in these districts.

Enrolment:

Payment:

Disbursement of regular social transfers to beneficiaries in Nepal is still largely done by hand as electronic payment systems are only just emerging in urban municipalities. During both phases, DDCs received ECTP funds directly from UNICEF and transferred them to the VDC for distribution. Beneficiaries received the money in the same way that they usually receive their social assistance payments. Beneficiaries in urban municipalities received cash directly in their bank accounts, as with their regular social protection payments. In rural locations, beneficiaries received the cash in hand from VDC secretaries.

The intention was to synchronise the Phase 1 top-up payment schedule with that for the regular quarterly transfers in June, to reduce the burden on the actors involved. In practice this happened for only around 50% of beneficiaries. Delays in the payment process were caused by slow fund transfer from UNICEF to DDCs; low capacity of DDCs and banks leading to errors in transfers to VDCs; inefficiencies in the manual payment process of VDCs; and accessibility issues in monsoon season. The delayed ECTP payments took place either sometime between June and September, or with the next round of regular payments (i.e. October), five months after the earthquake. Due to implementation delays to Phase 2 the payment process that was due to complete in June 2016 was still ongoing in November. The evaluation concluded that payment processes would have been more effective with assessments of the real capacity of administrative processes and staff, and provision of necessary support to ensure successful delivery. The manual payment system did impose constraints on the speed and efficiency with which cash transfers can be disbursed in times of shock.

Grievance redressal:

The ECTP used the grievance redressal mechanisms of the social transfer system. People communicated complaints directly to VDC/ward secretaries and Local Development Officers (LDOs) of the DDCs. The grievance mechanism in Phase 2 introduced a toll-free phone number and SMS platform; however, beneficiaries generally preferred to use the approach they were familiar and comfortable with.

Institutions and systems:

The design of the top-up in Phase 1 did not require setting up new programme structures or amending the procedures and processes of MoFAGA. There were some delays with the financial reporting from DDCs to UNICEF due to capacity constraints of DDCs and complexity of UNICEF's administrative procedures. Delays to financial reconciliation of Phase 1 delayed implementation of Phase 2 as UNICEF was unable to disburse additional funds to a partner until all outstanding accounts have been cleared.

VDC/ward secretaries were involved in all local development and humanitarian projects and face high staff turnover and shortages of staff in general. The ECTP placed additional responsibilities on already over-worked staff. Evaluation concluded that ECTP effectiveness would be improved by preparing a contingency plan for high turnover in government personnel.

The lack of an existing registry of households was a difficulty in Phase 2, which led to delays in expansion of the child grant to the new beneficiaries. Developing the registry of all children under five years old effectively laid the foundation for universalisation of the child grant in the country.

In Phase 1, communication to administrative staff was top-down, mainly by letter and phone conversations. Limited face-to-face engagement meant local officials had an incomplete understanding of the project, and of their roles, and also limited effective communication to the community. Whilst communication with beneficiaries also took place through local radio, Nepal Scouts, leaflets, and local networks, most people heard

about the top-up through the VDC office or word of mouth. People were often unclear about where the top-up money came from, its purpose, or the number of transfers, and beneficiaries were dissatisfied with communication from VDC/ municipality secretaries. In Phase 2, SMS messages were sent directly to phone numbers collected during the census, providing information about the programme and messages promoting the use of the cash. However, the SMS campaign had limited success, since very few respondents reported receiving the messages (just 9.4% in the post distribution monitoring sample).

MONITORING AND EVALUATION

UNICEF developed a comprehensive monitoring and evaluation plan for the ECTP, embedded in the programme design from the start of implementation, including real-time process monitoring and monitoring of outcomes. Monitoring activities were handled by UNICEF, MoFAGA representatives, the Nepal Participatory Action Network (NEPAN), Nepal Scouts and DDC staff. An independent sample-based post-distribution monitoring exercise gathered information on coverage, processes, and perceptions for Phase 1, as well as on how the cash was used by beneficiaries. The programme tried to implement a voluntary SMS system for beneficiaries to confirm receipt of payments and provide their feedback, however few beneficiaries reported using the SMS system. UNICEF maintained a centralised management information system to track district-wise progress in implementation. Data informed conversations with DDC staff to discuss solutions to challenges, such as delays in distribution and reporting.

What happened next

The evaluation concluded that a universal child grant operating at a national scale would considerably boost potential for scaling up assistance at times of shock, as a higher proportion of the general population would already be covered. The GoN has committed to expand the Child Grant programme to reach all children under-five in a phased manner and initiated the expansion in a few select districts. UNICEF is currently working with DDCs to support the preparedness and operational capacity of social security allowances for future disaster response. The World Bank is investing in a social registry to improve both social protection registration and future shock response, including enhancing the civil registration system and linking this with social transfer programmes.

In regard to the European Union, although a specific programme on Social Protection has not been implemented, the issue is **embedded as a relevant indicator within the EU's budget support actions**

and the nutrition Programme under the Sustainable Rural Development Sector.

In this context, the following initiatives deserve attention.

The *State Building Contract for Earthquake Reconstruction and Rehabilitation – NEARR*, which supported, from 2016, the recovery and reconstruction of the country through EUR 105 million, with EUR 90 million effectively transferred to the Government. Within this wide action, over 200 000 households affected by the earthquake were financially supported.

The Nepal Food Security Monitoring System (NeKSAP), established in 2009, which aimed at collecting and analysing food security information to support authorities in their efforts to prevent food insecurity and enabling timely intervention during emergencies. The system, jointly operated by the Ministry of Agricultural Development and WFP, under the guidance

of the National Planning Commission, was funded by the EU from 2012, and it was handed over to the Government of Nepal in 2016.

The Porter's Project – Remote Access Operation, which was established to cope with the earthquakes of 2015, and jointly operated with WFP. The Project gave employment to 35 812 porters in order to rehabilitate trails or to carry relief goods to remote areas.

Source: Merttens et al (2017) 'Evaluation of the Nepal Emergency Cash Transfer Programme through Social Assistance: Final Report', OPM; Kukrety (2016) 'Working with Cash Based Safety Nets in Humanitarian Contexts: Guidance Note for Practitioners', CaLP.

UNICEF Nepal (2015) 'The Road to Recovery: Cash transfers for the earthquake affected vulnerable population through social assistance, Monitoring and evaluation plan.

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