



# The contribution of Nepal's social security allowance schemes to emergency flood response

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## Key messages

- Nepal is highly vulnerable to droughts and floods. Marginalised or disadvantaged groups face specific risks and vulnerabilities, undermining their capacities to cope with shocks.
- Using Nepal's national social security allowance (SSA) system to support emergency flood-response efforts could help to reach vulnerable groups in times of crisis, as part of emergency response efforts. However, low coverage rates of SSA schemes to the flood-affected population remain a challenge.
- Expanding the SSA registry to include a universal grant to all children under five, and to all older people (aged 60 and above), in flood-affected districts would improve coverage, reaching up to 60% of the affected population.

## Recommendations

- Invest in the capacity of the SSA system to deliver on its core functions, which would in turn support its potential for shock-response. In particular, reduce errors of exclusion and support local capacity to deliver the schemes.
- Improve coordination across actors involved in disaster response and social protection to improve the equity, efficiency and coverage of response to the flood-affected population.
- Options for using the SSA system as part of a coordinated emergency-response approach include:
  - providing a 'top-up' or 'additional payment' to existing SSA beneficiaries after the floods as part of recovery efforts
  - using the SSA beneficiary list to automatically include SSA beneficiaries in immediate response and recovery efforts in highly affected locations
  - expanding the existing SSA targeting criteria to increase coverage to all children under five, and to those over 60, in flood-affected areas.



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## Introduction

Nepal is highly vulnerable to climate-related hazards. While the country faces predictable seasonal weather patterns every year, which often result in floods, droughts or fires, it also experiences more severe natural hazards. In 2015, two earthquakes killed nearly 9,000 people and injured almost 22,000 people. In 2017, devastating floods hit 27 of the country's 75 districts, affecting 1.7 million people. The floods destroyed almost 65,000 homes and displaced 461,000 people (91,400 families). Climate-related hazards are likely to increase in frequency and intensity in the future.

In the last few years there has been a shift in approach to dealing with disasters in Nepal. The Government of Nepal's 2017 Disaster Risk Reduction and Management (DRRM) Act, for example, now promotes resilience and preparedness as well as response, and there have been a number of innovative approaches developed by emergency and development actors in response to the increasing scale of need. One of these approaches is using the social protection system in shock-response activities.

This briefing note presents findings from a study which examined the potential role of the national cash-based social security allowance (SSA) system to respond to flood emergencies and, specifically, the potential for SSAs to be used in flood response in the immediate future (taking a two-year timeframe).<sup>1</sup> The study used a mixed-methods research approach which draws on an analysis of the Nepal Household Risk and Vulnerability Survey (NHRVS) (World Bank, 2017) and primary qualitative data collected in three districts (Bardiya, Jhapa and Rautahat).<sup>2</sup>

The study comes at a particularly important time in Nepal, given recent changes brought by the 2017 DRRM Act and the 2018 transition to a federal state. While this provides unique opportunities to shape policy, it also poses challenges as roles and responsibilities of local government relating to both

emergency and SSA interventions are in flux during this transition period.

## Risk and vulnerability to floods in Nepal

Flooding in Nepal is a predictable seasonal occurrence but the scale and intensity of flooding varies. There is growing concern that extreme precipitation associated with climate change is contributing to increased flooding and landslides. While 2017 saw huge numbers of people severely affected by flooding, data also shows that flooding tends to be concentrated in specific geographic areas, unlike other natural hazards such as earthquakes, which affect much higher population shares (World Bank, 2017).

The impacts of floods are manifold, often resulting in immediate displacement and destruction of public and private infrastructure (including houses, agricultural land, productive assets and crops, roads, bridges and schools). Flood-affected communities therefore face limited mobility, loss of services such as drinking water and sanitation, limited availability of food, and increased food and transport costs.

Specific groups of people are also particularly vulnerable at the time of floods, largely those with restricted mobility such as older people, pregnant women, women with small children, single women and people with disabilities. Moreover, these groups also tend to face higher risks relating to protection issues in the contexts of emergencies, as well as challenges relating to accessing information and relief services (UN HCT, 2018). Women and girls in particular face additional care-related responsibilities (UN Women et al., 2017). Geographic location and livelihood sources also render some households more vulnerable than others, including those living on public land near river banks, households of lower socioeconomic status and sharecroppers working on the tea estates and paddy fields, for example in Jhapa.

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1 For a broader review of adaptive social protection in Nepal, see Slater et al. (2018).

2 Collected using focus group discussion and in-depth interviews with SSA beneficiaries (such as those receiving old age, disability and single women's allowance) and non-beneficiaries (flood-affected population) and key informant interviews at national and subnational levels.



In recent years, there have been initiatives to improve flood preparedness and response. The shift in national policy now prioritises resilience strategies across the disaster-risk management cycle. Many early-warning systems have been established and, while their development and operation varies from place to place, where such systems are functioning they have contributed to reducing harm and death. There have also been substantial efforts, supported by development partners, to improve understanding of the risks and vulnerability profiles of communities at the local level (currently a significant knowledge gap), and to use this data to pre-plan and pre-position interventions before a flood disaster happens (UN HCT, 2018).

## Can Nepal's SSA schemes contribute to emergency flood response?

Social protection systems are increasingly playing a role in preparing for, and responding to, emergencies. In 2015, for example, the United Nations Children's Emergency Fund (UNICEF) and the Government of Nepal successfully delivered emergency response to beneficiaries of the SSA schemes in areas affected by earthquakes. This research investigated five areas critical for

understanding the potential future role of social protection in responding to floods.

## Coverage

In order to provide a valuable contribution to emergency response, social protection schemes should be operating at a scale which covers a significant proportion of the flood-affected population (OPM, 2017). While the SSA system as a whole in Nepal covers almost three million people, analysis of 2016 NHRVS data shows that the proportion of flood-affected populations *currently* in receipt of an SSA would be only around one-quarter of the affected population – a low coverage of the affected population (Table 1).

Given this low rate of matching coverage, we examined two alternative scenarios using the 2016 NHRVS data. The first scenario expanded coverage of the SSA schemes to 100% of the eligible population and found that matching coverage would increase to approximately 30%. This is still relatively low, and also assumes that the high exclusion rates currently seen in the SSA schemes could be overcome. Estimates suggest that current take-up is around 70% for most of the allowances, and significantly less for the disability allowance (Holmes et al., 2018). There are a number of reasons for exclusion, such as:

**Table 1 Population in households affected by flood shocks and currently receiving an SSA**

Social allowance	% population living in households where individuals are receiving	95% confidence intervals	
<b>Old age allowance</b> (standard error)	<b>12.1%</b> (0.03321)	4.4%	19.7%
<b>Single women's allowance</b> (standard error)	<b>10.8%</b> (0.01882)	6.5%	15.2%
<b>Child under five allowance</b> (standard error)	<b>1.4%</b> (0.0076594)	-0.4%	3.1%
<b>Disability allowance</b> (standard error)	<b>2.9%</b> (0.01277)	0.0%	5.9%
<b>Cumulative totals</b>			
<b>Any of four allowances</b> (standard error)	<b>25.1%</b> (0.0301)	8.2%	32.1%
<b>More than one allowance</b> (standard error)	<b>7.4%</b> (0.02581)	1.4%	13.3%

Source: Holmes et al., 2019



older people who do not have citizenship (often men who migrated from India at a very early age and women involved in marriage migration); incorrect documentation; and lack of knowledge of the SSA schemes and how to apply.

The second alternative scenario expanded the SSA targeting criteria of the child grant to all eligible households in flood-affected districts (in the NHRVS data) and to all those aged 60 and above ('horizontal expansion'). The analysis shows that expansion to all children under five years old has the biggest effect on coverage, up to the margins of 60% of the population, and it is likely that larger families are associated with households with lower monetary welfare. Lessons from horizontal expansion of the SSAs in the 2015 earthquake are highlighted in Box 1.

### Targeting

International experience shows that, for rapid response, social protection schemes need to target households affected by the emergency (Bastagli with Holmes, 2014). If the SSA system is to be used to deliver emergency response in the context of a flood in Nepal, how can the affected population be identified?

At present, there is no automatic way of knowing whether an SSA beneficiary household is affected by a flood, or *likely* to be affected by a flood. Currently in an emergency, all community members in the geographic location affected by floods are included in a manual assessment carried out by an emergency relief team. The emergency response to the 2017 floods used a tiered targeting and response mechanism: in the immediate aftermath of the flood, targeting was 'universal' in specific geographic locations affected by the floods, and no documents were required to receive emergency relief.<sup>3</sup> The subsequent assessment criteria for targeting later response and recovery were based on levels of destruction to houses, and proof of citizenship was required. However, there was much discontent with this focus on physical household infrastructure at the expense of criteria which would address other needs.

Consideration of how using the SSA beneficiary list in flood response could work with, or support and improve, existing emergency targeting mechanisms at particular points of immediate response or later in the recovery stages is therefore needed. Some research suggests that the most

#### **Box 1 Lessons from Nepal's Emergency Cash Transfer Programme in the 2015 earthquake response**

As a response to the 2015 earthquakes, the Government of Nepal and UNICEF implemented an emergency cash transfer programme (ECTP) to expand coverage of the child allowance to all children under five years old in selected earthquake-affected districts. A census exercise was carried out and successfully identified and registered approximately 85% of eligible beneficiaries. The registry of all children under five also increased birth registration rates from 48% to 94% in 11 programme districts.

Despite these successes, a main limitation identified in this horizontal expansion of the child allowance was the challenge involved in registering and enrolling a new beneficiary population in the aftermath of a shock, when implementation capacity is already under strain. As such, although the expansion under the ECTP showed proof of concept, a longer-term vision of pre-positioning expansion should be discussed, if 'scalable' social protection is envisioned as part of a broader shock-responsive social protection system in Nepal. This would include, for example, putting in place contingency funding, pre-registering the additional case load (in terms of identification, but also banking cards) so that expansion can happen rapidly.

Source: Merttens et al., 2017

3 A payment intended as a food allowance was distributed, calculated to last for two months directly after the flood, as a one-time payment, on the assumption that Rs 70 per day per person would be the minimum required for food.



vulnerable groups may be unfairly excluded from recovery interventions due to lack of ‘voice’ or lack of documentation. While this requires more evidence, it does suggest a potential role for the SSA to increase the accuracy of targeting and closing this coverage gap given the existing focus on categorical vulnerable groups. However, evidence also indicates that those who are excluded from emergency response due to lack of correct documentation are also likely to be excluded from the SSAs for the same reason.

### Service delivery

For social protection to be an effective response in an emergency, the system must have the capacity to provide a timely response with an appropriate type of benefit. Capacity constraints at the local level to deliver the SSAs are well documented – particularly staff being overloaded, lack of coordination in the organisational structure, limited management capacity and limited additional funding and other resources to manage the schemes (Hagen-Zanker et al., 2015; New Era, 2016; Palacios, 2016; Schjødt, 2017; Holmes et al. 2018). While there is a significant effort in place to address these challenges, including through the roll-out of the management information system, the current move to a federal state also brings its own challenges. There is a degree of confusion around roles and responsibilities at the ward and municipal levels, affecting the delivery of the SSAs as well as emergency response activities. It is likely that this will take a while to resolve.

Another area of importance is the distribution of cash in an emergency through the SSA system. International evidence suggests that banking systems and e-payments are a key part of effective shock-response payments. The roll-out of the banking system in Nepal is at different stages across the country, and the majority of disbursements are still by hand. Beneficiary respondents in this study reported mixed preferences for the banking system, but one key priority across respondents is that the closer the payment point is to their house, the easier it is for them to collect the allowance. Moreover, because floods constrain mobility and raise transport prices, these challenges are exacerbated in the contexts of emergencies.

### Community perceptions and social acceptability of using SSAs in emergency response

It is important to understand community perceptions of using SSA schemes in emergency response, and to reduce any potentially negative effects. Respondents reported that the allowance – or a top-up – would be of use to them (and their families) in times of crisis. Some respondents already use their SSA money during floods, spending it on clothes, medicine, food and household needs, often sharing it within the family. However, in relation to both emergency response and the potential use of SSA schemes in emergency response, community perceptions about fairness came up frequently. Respondents often expressed dissatisfaction with the targeting of emergency response when it was not universal, with complaints about a lack of transparency, perceived nepotism, fraud, misuse of relief, exclusionary processes and the politicisation of relief.

While beneficiaries reported that SSAs could be beneficial in helping them during floods, the majority of respondents also emphasised that if SSA beneficiaries received a flood response allowance, and others in the community did not receive the same response at the same time, tensions would result. This highlights the importance of efforts to communicate the scope of the programme and eligibility criteria to minimise tensions, and the importance of using the SSAs within a well-coordinated emergency response to respond to the scale of need.

### Institutional coordination

Coordination with existing emergency response actors is critical to avoid duplication of efforts, improve efficiency and coverage of the flood-affected population, and reduce the risk of community tensions. Currently, however, there are a number of challenges associated with limited coordination during emergencies. Disaster response is often ad hoc, leading to an uneven distribution of emergency assistance. There are mechanisms in place to address this though, including the cluster system, which brings together the government, donors, civil society and other public and private stakeholders. Moreover, the recent DRRM Act also opens up space for collaboration of actors, including



those responsible for the SSA schemes. To date, however, SSA actors have not worked closely with humanitarian and emergency response actors.

At the same time, the recent changes in roles and responsibilities due to federalisation, together with the new DRRM Act, have also created a degree of confusion in the implementation of emergency response at the local level. For example, the work of the ward chair – which included providing people with references for marriage certificates and citizenship, as well as recordkeeping – has now shifted to the ward secretary. The current elected chair, now a political representative, is responsible for broader policy and programme decisions, while office management is done by the ward secretary (a bureaucrat). Officials in the three case study sites were at different stages in implementing decentralised disaster response mechanisms that align with the new federal system.

Civil society groups at the local level also report that their work on awareness-raising to provide support to beneficiaries and help eligible people access both emergency response and SSA schemes has so far been hampered by the new structure. While the increased number of representatives at the local level should potentially bring about more positive changes, these bodies have not yet been formally recognised by the new federal system and so cannot perform their usual functions.

## Conclusions and policy implications

This research has found that there could be several advantages to using SSA schemes as part of a coordinated response to floods. These include utilising existing government capacity and administrative structures to channel payments to vulnerable groups in times of crisis and increasing accuracy in targeting emergency response benefits. The provision of cash as an emergency response mechanism is also increasingly seen as an appropriate intervention in Nepal, and one which would be valuable to beneficiaries of the SSA schemes.

However, our research also shows that there are a number of reasons to be cautious about how the SSA system could be used in future responses to flood emergencies, especially

given the relatively low matching coverage of populations affected by floods and SSA beneficiaries. Careful consideration needs to be given to how these challenges can be overcome, as the following policy implications suggest.

### 1 Continue to invest in the SSA system to deliver on its core functions and strengthen its potential to be used as a shock-response mechanism

Key areas to invest in for strengthening the existing SSA schemes, which will in turn support future flood response, include:

- supporting capacity at the ward level to deliver on core functions in the implementation of SSA schemes, specifically on awareness-raising and providing grievance mechanisms, registration processes and delivery of benefits where the banking system is not yet operating
- overcoming errors of exclusion, through, for example, supporting rolling enrolment of the schemes for elderly and single women, investing in awareness-raising of the schemes and their eligibility, and reducing complexities in the disability assessment and application procedure
- strengthening development of the management information system and the digitalisation of data which is held centrally and accessible to multiple stakeholders across sectors, especially in providing updated data to support better targeting if linked to shock-related indicators
- ensuring that the roll-out of the banking system is appropriate and accessible for SSA beneficiaries, especially those who may face mobility constraints which may be heightened in a flood emergency.

### 2 Improve coordination across disaster response and social protection

If the SSA system is to be used as a response to floods, it will need to be part of a broader emergency response. Careful consideration needs to be given to the timing, targeting and objectives of the SSAs and how this fits with other transfers and types of emergency support. As such, it is vital that there is close collaboration between disaster response and SSA actors at the national and local levels. The role of SSA schemes in emergency response also needs to be planned in advance of



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an emergency so that resources are in place to be released when an emergency occurs (OPM, 2017).

Discussions between key institutions responsible for the SSAs and disaster response at the national level need to be developed on this issue. SSA actors could also become active members of the cash coordination group, work closely across the cluster system activated in emergencies, and participate in other preparedness activities and information-sharing. SSA actors also need to be involved in discussions around data systems and registries which are being developed by emergency actors to ensure that there is collaboration rather than duplication of efforts.

There could also be active promotion of linking SSA beneficiaries to relevant complementary services and programmes which support resilience-building activities and recovery initiatives. Such programmes or services may include promoting resilient livelihood activities, climate-smart agriculture interventions, knowledge and skills on preparing for floods (including e.g. keeping documents safe, and information on food and nutrition), and

protection interventions for at-risk populations (particularly women and girls).

### 3 Use the SSA targeting list

It is clear that the SSA schemes should not be used to replace any emergency response mechanisms, but there are opportunities to explore where using the SSA beneficiary list (or parts of the system) could add value and increase the efficiency and effectiveness of flood responses. Options related to using the SSA beneficiary list for response include:

- developing a flood response plan with a focus on geographic areas most at risk of flooding
- providing a ‘top-up’ or ‘additional payment’ to existing SSA beneficiaries after the floods as part of recovery efforts
- using the SSA beneficiary list to automatically include SSA beneficiaries in highly affected locations – or to automatically exclude SSA beneficiaries from emergency response if the SSA system is providing a separate response
- horizontal expansion of the SSAs to increase coverage of the flood-affected population to all children under five years old, and to those over 60 in highly flood-affected areas.



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