

POLICY BRIEF

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Shock Responsive Social Protection in Nepal: Building Safer and Resilient Communities

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KEY FINDINGS OF DESK REVIEW AND POLICY DIALOGUES:

1. Nepal has a comparatively comprehensive social protection system, including a cash transfer program that entails social security allowance for senior citizens, people with disabilities, helpless single women, child grants, etc. as a development approach. But they are not shock responsive and unable to protect the poorest and most vulnerable from the long-term deprivations.
2. Although the Government of Nepal (GoN) has a good number of social protection programmes, they are not harmonized with basic services in health, education and social care as well as other sectoral policies such as agriculture, labor and market policies. There is no umbrella policy framework to ensure synergies and harmonization between those different programmes and protection-related policies.
3. Making social protection shock responsive is made difficult in Nepal due to a range of factors. One is the lack of a single integrated Social Registry, which would make outreach, identification and determination of eligibility more effective. Another issue that prevents shock-responsive social protection from being expanded in Nepal includes unclarity on roles and responsibilities between three tiers of government on design, implementation, and monitoring of the social protection programs.
4. The capacity of local government is a major concern towards making the social protection shock responsive. Limited local government capacity to perform basic accounting and financial management functions contribute to data limitations.
5. Lastly, Flood Early Warning Systems (EWSs) have been set up at many rivers in Nepal. But the efforts to integrate EWSs with social protection to make them shock responsive are lacking.

CALL FOR ACTION:

1. Now that the long-awaited Integrated National Social Protection Framework has been prepared by the National Planning Commission (NPC), GoN should endorse and implement it without further delay to expand shock responsive and inclusive social protection.
2. A single integrated Social Registry with a robust database infrastructure should be established as a priority. The database containing the Social Registry will provide a way to ensure the inclusion of the intended most at-risk populations in the anticipation or event of shocks.
3. Setting up a lead institution or focal point at the federal level for coordinated policymaking, implementation, and monitoring programmes across the three tiers of government is required. At the federal level, National Disaster Risk Reduction and Management Authority (NDRRMA) could be enabled as a lead government institution for SRSP equipped with adequate resources and defined business overall.
4. Strengthen the institutional capacity of local governments for effective delivery of the shock responsive social protection programmes and schemes.
5. Development partners should support regular policy dialogues and promote evidence sharing including learnings of how other countries have addressed similar challenges and creating opportunities to explore and learn based on

Nepal's experience to make social protection more shock responsive.

The findings in this paper are drawn from a series of recent policy dialogues jointly organized in 2020 and 2021 by development partners, including Save the Children, with officials and political leaders from different levels of government. In addition, social protection-related policies were reviewed.

INTRODUCTION:

Nepal is a hazard-prone country in South Asia. Poverty and social marginalization, steep terrain, high seismic activity, fragile geological formation, temperature rise, intense and highly variable precipitation linked with a changing climate make Nepal vulnerable to floods, landslides, avalanches, cold waves, heat waves, among other hazards. Mountainous households are experiencing increased temperatures, a rising number of disasters between 1995 and 2015¹. Floods and landslides make up almost 75% of disasters in Nepal. In addition, although the Vegetation Condition Index (VCI) indicates the decrease of drought episodes between 1982-2015, spatially, an increasing trend of severe droughts was observed in northern regions in Nepal².

Gender inequality plays a significant role in creating vulnerability among women. Poverty, remoteness, and lack of access to basic services leave many people in the country with inadequate

¹ Poudel, Shobha, Shinya Funakawa, and Hitoshi Shinjo. 2017. "Household Perceptions about the Impacts of Climate Change on Food Security in the Mountainous Region of Nepal" Sustainability 9, no. 4: 641.

² Baniya, Binod, QiuHong Tang, Ximeng Xu, Gebremedhin G. Haile, and Gyan Chhipi-Shrestha. 2019. "Spatial and Temporal Variation of Drought Based on Satellite Derived Vegetation Condition Index in Nepal from 1982–2015" Sensors 19, no. 2: 430.

resources while recovering from the climatic and non-climatic hazards induced shocks and stresses. Studies reveal that rural households in Nepal, whose livelihoods primarily depend on subsistence farming, will face additional climate change-induced stresses due to already overstrained poverty and low adaptive capacity.³ Biophysical impacts of climate change, non-climatic hazards including earthquakes induced disasters, and socio-economic vulnerabilities are all leading causes of poor households being trapped in poverty and exclusion that create a strong need for effective and efficient shock responsive social protection systems.

CONTEXT OF SOCIAL PROTECTION POLICIES AND PRACTICES IN NEPAL:

Social protection refers to a set of public actions employed to address poverty and vulnerability, thus contributing to attaining inclusive development.⁴ Vulnerability is a situation of individuals or households being at risk with the inability to absorb household and external shocks and recover from impacts of natural and anthropogenic hazards including climate change-induced disasters.

The Government of Nepal (GoN) has a comparatively well-established and comprehensive social protection system including a number of cash transfer and poverty alleviation programmes. Social protection has a legal base in

Nepal. For instance, the Constitution of Nepal, 2015 has a provision that ensures the right to equality and guarantees social protection as a fundamental right. The Vision 2043 of GoN has identified social protection as a driver of socio-economic transformation to achieve national goals. The Social Security Act, 2075 has been enacted for the social protection of individuals and families at risk of economic and social deprivation. The Right to Employment Act, 2018 aspires to create (self) employment opportunities. The same Act guarantees 100 days of employment a year; and in the case of the government's inability to provide the prescribed days of employment, the unemployed persons listed in the Employment Service Center receive the cash amount equivalent to the 50 percent of 100 days wage. Similarly, the 15th five-year plan (2019/20-23/24) aims to provide social protection to the economically and socially deprived and at-risk communities with target indicators in place.

For their part, the National Disaster Risk Reduction Policy (2018) and Strategic Action Plan (2018-2030) intend to integrate social protection programmes into disaster response, recovery, and reconstruction phases, and also adopt forecast-based preparedness and response plans. Recently, the Ministry of Home Affairs has formulated the Standard Operating Procedure for Cash to effectively respond in an emergency. In addition, there are several sectoral policy instruments such as the Children's Act, 2018; Compulsory and Free

³ Chalise, Sudarshan, Naranpanawa, Athula, Bandara, Jayatilleke S., and Sarker, Tapan. 2017. "A general equilibrium assessment of climate change-induced loss of agricultural productivity in Nepal" *Economic Modelling*, Science Direct, Vol 62.

⁴ Druzca, Kristie. 2016. "Social Inclusion and Social Protection in Nepal" School of Humanities and Social Sciences, Deakin University.

Education Act, 2018; Public Health Service Act, 2018, among others that ensure protection for children.

Broadly, 16 social protection programmes and more than 76 schemes are operated by 11 different ministries.⁵ Social Security Allowance (SSA), Prime Minister Employment Programme, Social Health Insurance, and Child Grant are some of the main social protection programmes that have achieved fairly large coverage of the total eligible population. However, major gaps and challenges remain to make them responsive to anticipated or actual shocks that occur beyond the household level.

MAJOR GAPS:

The existing public policy regime does not incorporate shock responsiveness in the design or implementation of social protection. Therefore, the social protection programmes are not only at risk of disruption in the event of certain shocks but are also not scalable in the event of shocks including natural hazard induced disasters.

Although the social protection policies and programmes are designed to address typical risks faced by individuals and households throughout their lifecycle, shock-responsive social protection extends the types of risks and focuses on shocks that affect a large proportion of the population concurrently⁶. Thus, in order to strengthen

people's resilience, the social protection system needs to be shock responsive⁷.

In Nepal, the Social Security Allowance is the largest non-contributory social protection programme in terms of beneficiary numbers followed by scholarships, mid-day meals, and health schemes.

While the outcomes of these programmes are reported to have been significant, challenges abound in terms of making the programmes shock responsive. For example, they do not offer any flexibility to scale up and scale out the interventions in response to disasters amidst rising impacts of climate change or economic shocks associated with COVID-19, to name a few. Thus, any response to shocks ends up being ad-hoc, inadequate and without a connection to the existing social protection programmes; a major missed opportunity. In Nepal, social protection programmes are introduced in budget speeches and often represent the political interests of ruling parties. Consequently, several government ministries run the social protection programmes in parallel, resulting in inadequate coordination and integration with DRRM which is largely under the purview of the Ministry of Home Affairs. A gap also exists in linking social protection programmes with due recognition of their contribution to reducing poverty and building resilience. Though the National Planning Commission (NPC) is said to have been preparing it for many years, owing to an

⁵ Basant Raj Gautam.2020."Social Protection in Nepal: Design, Effectiveness, and Impact. GoN.

⁶ O'Brien, Clare, Holmes, Rebecca, Scott, Zoë, and Barca, Valentina. 2018. " Shock-Responsive Social Protection Systems Toolkit:

Appraising the use of social protection in addressing large-scale shocks" Oxford Policy Management, Oxford, UK.

⁷ EU. 2019. "Social Protection across the Humanitarian-Development Nexus: A Game Changer in Supporting People through Crises, European Commission.

absence of a standard social protection policy framework, the gaps abound in sectoral policies harmonization, programme duplication, exclusion errors and inadequacy of support.

In Nepal, all large-scale social protection budgets are centralized. In reference to the global practice, it is not a problem per se; since the central financing of social protection could help ensure equity and the provision of a national minimum base. At the same time, clarity on roles and responsibilities between three tiers of government on design, implementation and monitoring of social protection programmes is required. In addition, it is important to identify or form and strengthen a dedicated government agency for social protection at the federal level to reduce duplication of programmes and address the vacuum in leadership for integrated programme implementation.

Inadequate local government capacity to perform basic accounting and financial management functions contribute to data limitations. In addition, shock responsive measures confront a complication with a lack of complete Social Registries. Investment in a comprehensive Social Registry would support outreach, determination of eligibility and registration of beneficiaries for social protection measures. Moreover, it would allow identifying the additional vulnerable households or individuals not covered by the existing protection programmes and reach out to them with appropriate social protection

measures. Nevertheless, the poor household datasets, once completed through the Poor Households Identification survey conducted by the Ministry of Land Management Cooperatives and Poverty Alleviation (MoLCPA), can be an important data infrastructure for the Social Registry to form a base to push up the shock responsive social protection system in the country. Similarly, disaster financing policy, provisions of contingency funds can be effective only in the context of having a complete Social Registry system in place that will result in smooth transitioning and establishment of shock responsive social protection.

Acting early before a disaster has occurred or reached at its critical level is essential. Ever since the first community-managed flood EWS was set up at the Rapti river in Bhandara, Chitwan district in 2002, the number of EWS has increased significantly in the country. However, inter-linkage between EWS and social protection is missing. Social protection can be triggered with vertical and horizontal scale-up when the pre-defined thresholds are reached and learned through the flood EWS in the specific at-risk areas. EWSs can help to understand the potential impact to inform and adjust social protection programmes (design tweak) including cash transfer to mitigate effects of the disaster impacts, and also prevent the disaster survivors falling back on negative coping strategies at the household level.⁸

⁸ FAO 2019. "Changing the way disasters are managed: linking social protection mechanisms with Early Warning Systems".

AREAS OF REFORM:

The findings from a series of recent policy dialogues jointly organized by Development Partners including Save the Children with officials and political leadership at different levels of government in 2020/21 show that they are willing to reform and transform the existing social protection system towards making it more shock responsiveness. Against this background, the following areas of reforms are suggested:

- Long-awaited Integrated National Social Protection Framework should be expedited for its due endorsement without further delay and be implemented accordingly.
- Ensure that high coverage social protection programmes, such as Social Security Allowance, Prime Minister Employment Programme, Child Grant Schemes, among others, are designed to be scalable with the provision of disaster financing mechanisms in place. This will help make the programmes more shock responsive and contribute to retaining gains in poverty reduction and human capital development.
- Establish a single Integrated Social Registry accessible to all three tiers of government with robust database infrastructure. The dataset in the Social Registry will provide a gateway for the inclusion of the intended population at greatest risk of disasters and into appropriate social protection programmes as needed. The Social Registry

will also help expand the coverage and facilitate easy integration with other social protection programmes, as well as development plans.⁹

- Civil Society Organizations and development partners should continuously support policy dialogues on issues of interlinkages between social protection, climate change, Disaster Risk Reduction, and humanitarian assistance to input and give guidance for enhancing effective shock responsive social protection.
- Development of partnership with non-government including humanitarian actors will be critical for ensuring design and delivery of shock responsive social protection programmes; begin with a pilot programme.
- Development partners could support the government in designing an integrated social registry and piloting the integrated social registry in selected areas.
- Ministry of Women, Children and Senior Citizen in coordination with the NDRRMA and Department of National ID and Civil Registration Department under MoHA must initiate strengthening the shock-responsiveness of Social Protection Scheme with a focus on the Child Grant in line with the Karnali model by taking a universal approach to an expanded Child Grant so that all households with children under five years of age are eligible for the programmes in order to address child poverty and achieve best

⁹ Leite, Phillippe, George, Tina, Sun, Changqing, Jones, Theresa and Lindert, Kathy. 2017. " Social Registries for Social Assistance and

Beyond: A Guidance Note & Assessment Tool" World Bank Group.

outcomes for children, even in the event of shocks.¹⁰

- A lead institution at the federal level for coordinated policymaking, implementation, and monitoring programmes across the three tiers of government is required. In this regard, NDRRMA could be enabled a lead government institution of SRSP with adequate resources and the defined business overall.
- Strengthen the institutional capacity of local governments to improve social registry and data infrastructure so that shock responsive social protection programmes result in well-organized service delivery with effective monitoring and reporting practice.
- Government has recently provisioned Grievance Handling Mechanism at Ward and Municipality levels for social protection which should be further strengthened for SRSP purposes.

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¹⁰ Unicef.2016. "Achieving the Best Outcome for Children: Why a Universal Child Grant Makes Sense for Nepal" Policy Brief.