Lessons from the UNICEF Nepal Emergency Cash Transfer Programme through Social Assistance

On 25 April and 12 May 2015, two earthquakes struck Nepal, each followed by a series of powerful aftershocks. The quakes caused an estimated US$ 7 billion worth of damage, pushed perhaps three-quarters of a million Nepalese below the US$ 1.25 international poverty line, and killed 8,831 people.[1] The Post-Disaster Needs Assessment predicted that the disruption to crucial services such as water and sanitation and health, alongside a possible decrease in food security, could have a serious impact on multidimensional poverty.[2]

As part of its response to the crisis, the United Nations Children's Fund (UNICEF) implemented an emergency cash transfer programme (ECTP) over two phases.[3] Phase 1 provided a single top-up grant of NPR 3,000 (approximately US$ 30) to the beneficiaries of the existing Nepal social assistance programmes in 19 earthquake-affected districts, covering five vulnerable groups: Dalit children under five years of age, widows and single women, persons with disabilities, senior citizens, and members of minority ethnic groups. The second phase of the programme altered the coverage to provide a single cash transfer of NPR 4,000 (approximately US$ 40) to all children under five years of age in the 11 most earthquake-affected districts.[4]

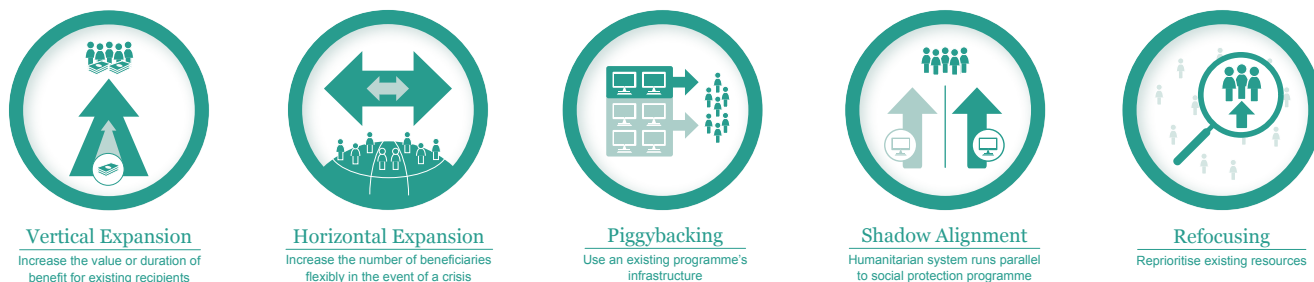**Oxford** Policy Management

Briefing Note

The ECTP was innovative because it utilised the national social assistance system. Rather than set up its own operational systems, UNICEF transferred funds directly to beneficiaries using the existing government payments mechanism. The rationale for this was twofold: first, UNICEF proposed that this was the fastest way to respond at scale to the needs of the affected population and, second, this approach allowed UNICEF to further its goal of strengthening the existing social protection system in Nepal. Across the two phases of this ECTP intervention, they would first implement 'vertical' expansion of that system (see Figure 1), and then, in a second phase, expand 'horizontally' to new beneficiaries in order to meet the recovery needs of a new target population. The intervention was thus intended to support basic consumption during both immediate relief and recovery phases, and to act as a catalyst to strengthen and expand the existing child grant programme.

The ECTP was not envisaged as a replacement for comprehensive humanitarian action, as many other actors were involved in providing a response to support the disaster-affected population. Because ECTP beneficiary households were not excluded from other cash support provided by the government or other development partners, it was reasoned that the ECTP would therefore act as a top-up grant to support the most vulnerable populations in earthquake-affected areas. Implicit in UNICEF's rationale for the ECTP was the assumption that beneficiaries of the Government of Nepal's (GoN) social assistance payments are more vulnerable than other households, and thus require additional support.

In developing the ECTP, UNICEF thus made a conscious choice to prioritise social assistance as opposed to traditional humanitarian response. This choice embodied a trade-off between leveraging an existing functioning system and adhering to the humanitarian principles of neutrality and universality of coverage. The programme design also made certain implicit and explicit assumptions, especially in regard to complementarity with and coverage of other post-disaster response activities, which affected key parameters such as transfer amount and coverage.

So, what was the experience of implementing the ECTP and what lessons have been learned? Is there value in building a shock-responsive social protection (SRSP) system in Nepal and, if so, what are the prospects for achieving that aim? Drawing on an independent evaluation of the ECTP,[6] this note summarises first the experiences and lessons learned from the implementation of the ECTP across two phases, and then looks forward to consider the value and prospects for SRSP in Nepal.

Figure 1 | Typology of shock-responsive social protection systems

Vertical Expansion
Increase the value or duration of benefit for existing recipients

Horizontal Expansion
Increase the number of beneficiaries flexibly in the event of a crisis

Piggybacking
Use an existing programme's infrastructure

Shadow Alignment
Humanitarian system runs parallel to social protection programme

Refocusing
Reprioritise existing resources

Source: Oxford Policy Management (OPM) (2015) 'Shock-Responsive Social Protection Systems: A research programme for DFID. Working paper 1: Conceptualising shock-responsive social protection', OPM, Oxford: United Kingdom.[5]

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[5] Our definitions of the terms used in this diagram are as follows: 'Vertical expansion' means increasing the value or duration of a benefit for existing recipients. 'Horizontal expansion' means increasing the number of beneficiaries flexibly in the event of a crisis. 'Piggybacking' means using an existing programme's infrastructure, but delivering a separate response. 'Shadow alignment' means establishing a humanitarian system that runs parallel to a social protection programme and mimics some of its features while remaining separate. 'Refocusing' means reprioritising the existing resources of an intervention, perhaps by concentrating them on a subset of previous beneficiaries or by targeting a different group.

[6] OPM was contracted by UNICEF to undertake an independent evaluation of the ECTP. The evaluation consists of two parts: a summative assessment of how the ECTP was implemented and experienced and a formative component to inform the future use of such approaches in Nepal and globally. The evaluation approach combines qualitative data collected from a variety of stakeholders with secondary data to answer an agreed set of evaluation questions. See Merttens, F. et al. (2017) Evaluation of the Nepal Emergency Cash Transfer Programme through Social Assistance, Final Report. OPM, Oxford: United Kingdom.

Evaluation findings on the experience and learnings of the ECTP

A key strength of the ECTP was its high level of coverage. During Phase 1, the programme provided cash to some 434,690 beneficiaries, while in Phase 2 it reached over 300,000 children below the age of five. The programme also pursued its aim of systems strengthening by utilising the existing social assistance infrastructure. The ECTP was appreciated by beneficiaries, who largely used the cash to meet their basic needs. The ECTP was thus successful in meeting its broad aims and objectives, albeit experiencing some significant operational challenges as outlined below.

Programme design

In the immediate aftermath of the earthquakes, assessments revealed that local markets were functioning and thus cash transfers were a viable instrument to address some of the key immediate needs of affected people. Beneficiaries appreciated the decision to distribute cash rather than goods for this reason, and because cash allowed them the freedom to spend on what they saw fit. Respondents at the community level also largely appreciated the use of government systems, since they generally placed greater trust in the ability of the government to deliver on promises compared to external actors. Delivering the ECTP through the government system also helped strengthen government–citizen relations by demonstrating that the government was concerned about their well-being.

However, delivering cash transfers requires sufficient administrative capacity and resourcing. Immediately after the earthquakes, the burden on local government staff was very high and the ECTP exacerbated this. If such an approach is to be used in response to an emergency context in the future, there is a need to better assess the level of additional capacity and resourcing required to implement it.

In addition, given capacity and resource constraints, as well as the increased challenge of delivering services in times of emergencies, strong ownership by implementing staff at the local level is needed. The ECTP placed this additional burden on local government staff at a time of heightened stress, and this combined with misgivings on the part of some staff around the targeting of the ECTP resulted in some issues. For example, some general prejudice against cash transfers generated a feeling of resistance among some of those tasked with implementing the programme. Involving district and local-level actors in the design process and communicating with them regularly could help ensure misunderstandings about the aims of such a programme are minimised and ownership is maximised.

Targeting and enrolment

There was no special registration and enrolment exercise for the ECTP in Phase 1 because only the existing beneficiaries of GoN social assistance programmes were targeted. In Phase 2, UNICEF sought to expand the child grant by providing a single payment to all children under five (up to two per household) in the 11 most affected districts. UNICEF thus commissioned a census to build a registry of all children under five in the districts concerned. This census was a large and complex undertaking, and did not succeed in registering all eligible beneficiaries in the first round of data collection. To complete the beneficiary lists, Village Development Committee (VDC) and municipal ward secretaries were tasked with developing additional lists of excluded children. Even with this extra effort, a number of eligible children were not covered by the programme.[7]

The census did increase the birth registration of children under five in the 11 programme districts, from 48% to 94%, which has helped to lay the foundation for the national universalisation of the child grant. However, such census exercises are immensely challenging even in normal times, requiring experienced data collection management, supervision and enumeration expertise, which in this case were not adequate for the implementation of the census. Undertaking such an exercise in the recovery phase following a major catastrophe was thus a significant decision. The census has not contributed to the building of a social registry (see below), which would be a potential asset for making social assistance programmes more responsive to shocks. Nonetheless, it has contributed to the expansion of the child grant, which, with its broad general coverage, means more people could potentially be reached via vertical expansion of the existing system in the event of future shocks.

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[7] ECTP Post-Distribution Household Survey, 7 December 2016.

Disbursements

In both phases, district development committees (DDCs) received the ECTP funds directly from UNICEF. They then transferred these to municipality CEOs or VDC secretaries. The Phase 1 beneficiaries received their cash in the same way that they receive their regular social assistance payments: beneficiaries in municipalities received their cash directly in their bank accounts, while beneficiaries in VDCs received the cash from VDC secretaries, who withdrew the cash at the district centre and distributed it by hand in their respective VDCs.

Disbursement was generally delayed in both phases. The payments were also not aligned with the regular social assistance disbursements, as originally planned, and additional payment disbursements had to be organised. The delays were caused by a combination of UNICEF's financial and administrative procedures and the capacity constraints faced by banks, local-level officials, and UNICEF staff. The additional payment requirements added to the heavy burden of the VDC and ward secretaries, who were already involved in a number of post-earthquake activities in addition to fulfilling their regular duties.

The shift to electronic payments could be seen as a quick solution to some of these problems, but this must be approached with caution. Many beneficiaries do not have access to formal financial services. Future programmes must ensure transfers can reach their target population if they do not have access to electronic payment systems. They should also facilitate provisions within banks to help such individuals. In addition, the capacity of banks to process the extra services in times of emergency needs to be assessed, and strengthened as needed.

Case management and grievances

For case management and grievances, the ECTP utilised the extant social assistance programmes' system. This relies on people communicating their issues or complaints directly to VDC/ward secretaries and local development officers at the DDC. For Phase 1, the beneficiary list was pre-determined and there were very few cases of discontent raised in the complaints and grievances system. In Phase 2, a toll-free phone number and SMS platform for complaints were introduced, although they were not widely used and beneficiaries reported preferring the traditional approach.

Communication

Communication to beneficiaries was across multiple mediums: local radio, leaflets, local networks, and, in Phase 2, SMS messages. In practice, most people heard about the top-up through the VDC office and by word of mouth from neighbours, relatives or local officials.

Although UNICEF had a well-designed, multi-faceted communication strategy in both phases, it was not fully successful in conveying correct and complete information to all the actors involved in the ECTP. Beneficiaries did eventually hear about the programme and collect their payments, but there was a general lack of awareness about who the funds were from, how many times people would receive the transfer, and why they had received it. This problem was more significant in Phase 2, as large numbers of beneficiaries missed by the original registration were anxious about why they appeared to have been excluded.

To inform local-level implementing officers about the ECTP, UNICEF staff communicated with the Department of Civil Registration (DoCR) at the Ministry of Federal Affairs and Local Development, which passed information down to DDCs. UNICEF then held orientation sessions for district-level staff, who then passed information on to VDCs and municipalities. This approach resulted in a lack of ownership and understanding of the project at the local level, both because such an approach is liable to create gaps in the knowledge chain and because local staff experienced it as imposed from the top. This then resulted in suboptimal communication about the programme to communities.

This experience highlights the fact that, even with specific strategies for distinct audiences (including beneficiaries, implementing staff and national-level stakeholders), effective communication is immensely challenging. Resourcing for adequate training and regular formal and informal communication platforms is required for implementing agents at all levels, including frequent repetition of key information and ongoing support from the central programme implementation unit to implementing staff.

Coordination

Implementing this ECTP required effective coordination between UNICEF and DoCR, UNICEF and DDC, DDC and VDC/municipalities, and between VDC/municipalities and beneficiaries and non-beneficiaries. It also required coordination with other development and humanitarian partners and of course within UNICEF itself.

Communication gaps and misperceptions about the programme (such as its aims and objectives as well as intended target beneficiaries) between these various stakeholders led to some coordination problems between them.

Soon after the first earthquake, a Cash Coordination Group (CCG) was set up under the leadership of the United Nations Office for the Coordination of Humanitarian Affairs. The CCG tried to bring together all the humanitarian actors working on cash programming to develop guidelines, share best practices and discuss implementation issues. UNICEF participated regularly in the CCG, and discussed its rationale for the ECTP. While the CCG appreciated the idea of working with the government system, it also felt there was a tension between the concept of the ECTP and humanitarian principles.

Within districts, ECTP implementing staff had limited understanding of the need for coordination. Many actors reported that they were the only ones in their department working on the cash transfer, so 'there was nothing to coordinate'. Although this was often the case within departments, this indicates a clear lack of understanding about the importance of intra-departmental and intra-organisational coordination within the programme. For example, the social security and child grant payments coincided with the distribution of the housing reconstruction grant by the government. As a result, the national bank faced temporary liquidity issues and was unable to meet the request for funds raised by VDC secretaries. Coordination between UNICEF field offices and DDC staff also posed a challenge in Phase 2 because the clusters formed for the post-disaster response were no longer active. Instead, DDC staff presided over various thematic committees, to which UNICEF staff were not systematically invited. As a result, they were not always aware of other ongoing relief efforts in the district.

Monitoring and evaluation (M&E)

UNICEF's M&E arrangements for both phases of the ECTP included real-time internal monitoring, independent post-distribution monitoring and an independent evaluation. This M&E framework faced several challenges. Delays to the payments in Phase 2 meant that the independent post-distribution monitoring was delayed.[8] The independent evaluation also found low levels of awareness of monitoring activities among VDC and ward secretaries, suggesting there may have been some gaps in the coverage of both the internal and independent monitoring.

Prospects for SRSP in Nepal

The evaluation found that the ECTP has provided proof of concept that the existing social protection system can be used as a tool to respond to emergencies. This is exemplified by its formal incorporation in the National Framework for Social Protection (NFSP). But is the creation of a SRSP system a worthwhile investment in the context of Nepal, and if so what are its prospects?

By leveraging existing government systems, the ECTP was able to reach a large number of people reasonably quickly. However, it did not necessarily reach all or the most affected populations. This performance could be improved by learning some of the lessons from the experience of the ECTP, as well as by expanding coverage of social assistance in the country, but even more so if the social protection system was developed to become more responsive to shocks. For that to be realised, however, a number of considerations and a variety of investments need to be made across all aspects of the social protection system. These include the policy and legislative framework for social protection in Nepal, the institutional architecture for social protection, the supporting systems and operational processes, government awareness and buy-in, and the need for coordination at all levels of the system.

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[8] To be completed in 2017 using telephone interviews.

Policy and legislative framework

The legal basis for social protection in Nepal is established by the 2015 Constitution and various acts. A draft social protection policy framework (the NFSP) sets the parameters for developing and coordinating social protection policies. It outlines the basic scope and direction for the sector, and proposes the creation of the institutional bodies that will be mandated to steer cross-ministerial decision-making and coordinate development partners, civil society and the private sector. A legislative basis for SRSP is thus in place and a policy framework is being developed. However, challenges remain, including around the issue of coordination of actors and the question of what would constitute an appropriate financing mechanism for the expansion of the system in time of shocks.

Institutional context

There are some institutional or political economy challenges that need to be negotiated in order to develop a system that is effective in responding to shocks. The NFSP sets out to address the complex and fragmented social protection landscape by establishing institutional bodies with the mandate to steer and direct social protection policy and programming. However, a key challenge identified by all respondents to this research relates to coordination. Whether expanding vertically or horizontally, piggybacking new programmes onto existing systems or harmonising humanitarian interventions such that they function similarly to national programmes, the coordination of actors is essential. There is now a need to elaborate a detailed proposal on the nature of the coordination mechanism for the institutions to be involved, designed in such a way that it links with the coordination systems for humanitarian action. It should also be linked to national early warning monitoring systems in order to be able to prepare in advance of an approaching emergency.

Operating systems

In order for a social protection system to be able to respond effectively and efficiently to covariate shocks, strong functioning operational systems are required. These systems include functional processes for the registration, selection and enrolment of beneficiaries, payments, case management, communications and monitoring. Additionally, the social protection system must be linked with emergency surveillance systems so as to not only respond when needed but to be able to anticipate shocks and prepare accordingly.

The ECTP implemented two types of expansion as a response to the 2015 earthquakes: vertical expansion in Phase 1 and horizontal expansion in Phase 2. The basic limitation of vertical expansion was that not all earthquake-affected people were beneficiaries of the ECTP. The basic limitation of horizontal expansion is the challenge of registering and enrolling a new beneficiary population in the aftermath of a shock, when implementation capacity is already under strain. The attempt to get around these limitations underpins UNICEF's rationale of strengthening and expanding the child grant. Were a universal child grant to be operative at a national scale, it would considerably boost the coverage of any shock-affected population in the case of vertical expansion, as a much higher proportion of the general population would be covered. At the time of writing, GoN has agreed to implement a universal child grant, via incremental geographic expansion, and the initial stage of an expansion plan has been approved by the Ministry of Finance.

Horizontal expansion represents a much more challenging form of shock response. A new beneficiary population has to be registered and enrolled, with effective communication also implemented to explain why certain people are suddenly being covered by the programme and then dropped, without confusing people's understanding of the programme's core objectives. UNICEF's experience with Phase 2 of the ECTP highlighted these difficulties.

In order to implement horizontal expansion quickly and efficiently, one would need a database comprising a comprehensive registry of the whole population. This could then be used to select beneficiaries for a range of interventions, including cash transfer programmes in the event of shocks. In Nepal, the World Bank is currently investing in the creation of a social registry for just these purposes, including the enhancement of the civil registration system (which covers birth, death, migration, marriage and divorce) and linking civil registration with social assistance programmes. Building a social registry of this type is not a simple undertaking, but the establishment of a comprehensive and semi-automated registry is of potential benefit to a social protection system that is geared to respond to shocks, presuming it can avoid a number of pitfalls. Challenges around the use of social registries include data quality and validity over time, as well as the degree to which welfare indicators in the data correspond to level of need after a shock. In addition, the use of social registries for multipurpose programming requires clear protocols to be agreed about how it is to be used.[9]

This research also reveals that work is needed on other dimensions of the social protection system. In relation to payment systems, disbursement of transfers to beneficiaries is largely done by hand. This imposes constraints on the speed and efficiency with which cash transfers can be disbursed in times of shock. It is clear that the infrastructure for an electronic payments system is at a very nascent stage in Nepal. The UK Department for International Development has initiated a programme to start developing access to financial services and electronic payments in the country, but there is a way to go before conditions are ripe for fully utilising this technology. It is also clear that the monitoring system for the extant social assistance programmes requires investment in order to be made fit for purpose for SRSP. The current system of manual and decentralised record keeping of beneficiary information is a major hurdle for addressing issues of duplication, under-coverage and weak oversight facing the administration of the social assistance programmes. In addition, there is little robust evaluation of the impact and operational performance of the social assistance programmes in Nepal, and this gap contributes both to an inability to improve service delivery as well as widespread misperceptions and lack of knowledge about the purpose and effectiveness of social protection policy.

Government awareness about social protection

Despite rising levels of investment (in 2016, the GoN announced it would double the value of the social assistance grants) and the length of time some of these programmes have been operating, awareness about the value, aims and objectives of social protection within GoN appears to be low. Social assistance in particular is largely viewed by government respondents as an obligation or a duty to support those in need or to repay older persons for their contributions to society and the economy made over their lifetimes, rather than as a profitable investment in human capital development and support to aggregate demand in the domestic economy. Many government stakeholders also expounded a familiar set of worries around misuse of cash transfers by beneficiaries, and noted social assistance as a cause of dependency. There was a sense among respondents that social assistance negatively impacted production and created significant liabilities that are difficult to roll back. These perceptions run counter to the great mass of evidence around social protection globally.

Coordination

Coordination at all levels was identified as crucial for SRSP. At the national level, the NFSP proposes a coordinating body, but there is a lack of detail in the draft strategy as to the precise functions and relations of this body with key institutions. At the sub-national level, there is a need to coordinate programme implementing staff in times of emergency, whether they be government or non-government.

Despite the many challenges associated with effective coordination, there is cause for optimism because the conditions for coordination are currently good: diverse stakeholders noted that the ECTP has provided proof of concept and interest on the part of GoN in social assistance appears high. This positive disposition is embodied in the government's commitment to gradually scaling up a universal child grant nationally, even if financial commitments are not yet adequate and social protection is not always well understood or supported by government actors.

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[9] For example, in the Philippines in the aftermath of Typhoon Haiyan in 2013, some agencies specifically excluded people in the database from their response because they felt they were being covered by the government, while others specifically included them because they considered those same groups to be classified as needy. See G. Smith, Z. Scott, E. Luna, and T. Lone (2016) Shock-Responsive Social Protection Systems: A Research Programme for DFID: Case Study – Philippines. OPM, Oxford: United Kingdom [Draft].

Conclusions and recommendations for the future

The experience of the ECTP has shown that regular social protection systems in Nepal can be used as an effective mechanism to respond to shocks, as part of a broader, comprehensive immediate and recovery-responsive package.

This said, utilising the social protection system to respond to shocks involves a trade-off with some of the key criteria underpinning humanitarian response, such as timeliness, coverage of the affected population and adequacy of the support provided. Mitigating the extent to which this is the case requires a legislative framework and institutional architecture that is built for purpose and fully in line with a vision for SRSP. Moreover, SRSP also requires a funding mechanism to which multiple donors can contribute. The system infrastructure needs to be similarly tailored, in particular underpinned by a functioning civil registrations system and a management information system that can speak across programmes, for instance via a social or single registry. Additional resources will also be required not only to fund scale-up but to finance its implementation, which need to be costed in advance.

The building of SRSP in Nepal is thus a long-term vision, requiring development investment in policy and legislation, institutional architecture, communications and financial services infrastructure, research, and the technical and administrative capacity of implementing agencies.

As a result, the evaluation report makes a number of recommendations to UNICEF based on the evidence and findings from the research. These recommendations are ambitious, and the success of these initiatives will depend not only on UNICEF's support and leadership but also on effective partnerships and committed action from other development partners and government actors. These recommendations are summarised as follows:

- **Continue to support expanded investment and coverage of the social protection sector;**
- **Support the finalisation of the NFSP and the creation of a new institutional architecture as proposed in the final agreed framework;**
- **Support the development of linkages between social protection and early warning systems and disaster risk management in the country;**
- **Continue to support the development partner Social Protection Task Team, taking a lead role to facilitate coordination around the social protection and SRSP research agenda and cross-sector advocacy; and**
- **Support the development of an appropriate financing mechanism for SRSP.**

About the authors

This briefing note was prepared by Fred Merttens, Dr. Shrochis Karki, and Zara Majeed, who, along with Nupur Kukrety and Jaya Upadhyay, are part of the OPM team that carried out the evaluation of UNICEF's Nepal Emergency Cash Transfer Programme through Social Assistance. The evaluation and the briefing note were commissioned by UNICEF Nepal. For further information on the content of this note, and the full evaluation, please contact Shrochis Karki at shrochis.karki@opml.co.uk.

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