



# Adaptive Social Protection in Nepal

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# Outline

1. Concept of adaptive/shock-responsive SP
2. Context in Nepal
3. What needs to happen to make SP in Nepal more adaptive
4. Role of CSOs in adaptive SP

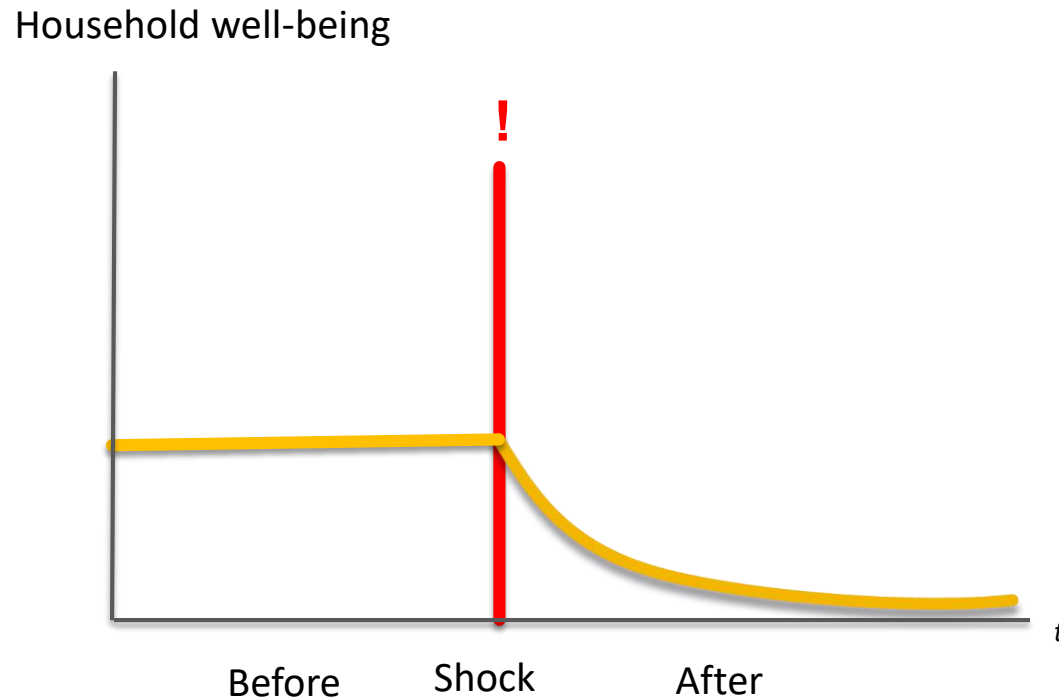
## **Adaptive or shock responsive SP**

Adaptive social protection (ASP) helps to build the resilience of poor and vulnerable households to prepare for (before), cope with (during) and adapt to (after) the shocks they face.

## **Convergence of three areas:**

- social protection,
- humanitarian assistance
- disaster risk management

# Shocks can reduce the well-being of households



## Shocks:

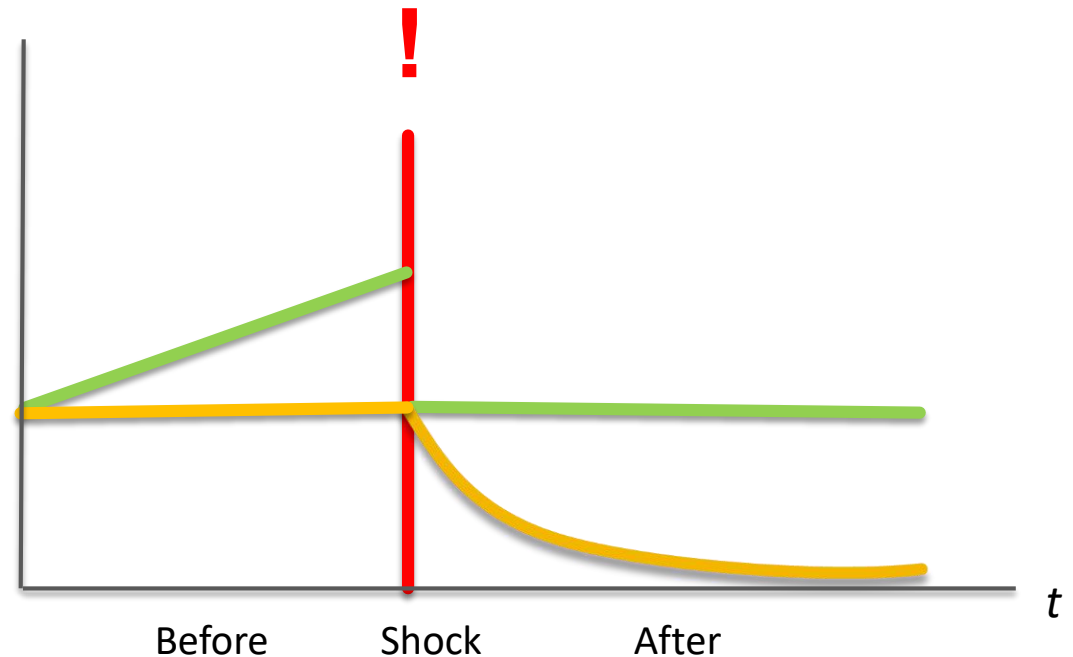
- Have a disproportionate impact on the poor and can push the vulnerable into poverty
- Have long-term effects on human capital, especially among children, through their effects on nutrition, education, and assets
- Question: *How to protect all households from welfare loss and potentially falling into poverty?*

# Social Protection can mitigate the incidence and impact of shocks

Social protection can help by

- Building **resilience** through regular, well-targeted programs with adequate benefits, before shocks
- Delivering timely, efficient **response** to protect well-being, after shocks

Household well-being



# Goals of Adaptive Social Protection

1. Ensure that SP builds resilience of individuals, households and community

Resilience: The ability of a household to prepare for, cope with, and adapt to shocks in a manner that protects their wellbeing, ensuring that they do not fall into poverty or become trapped in poverty as a result of the impacts.

2. Mobilize SP delivery system to deliver fast and efficient response to shocks

Delivery systems: registration processes, beneficiary databases, payment mechanisms, M&E and GRM

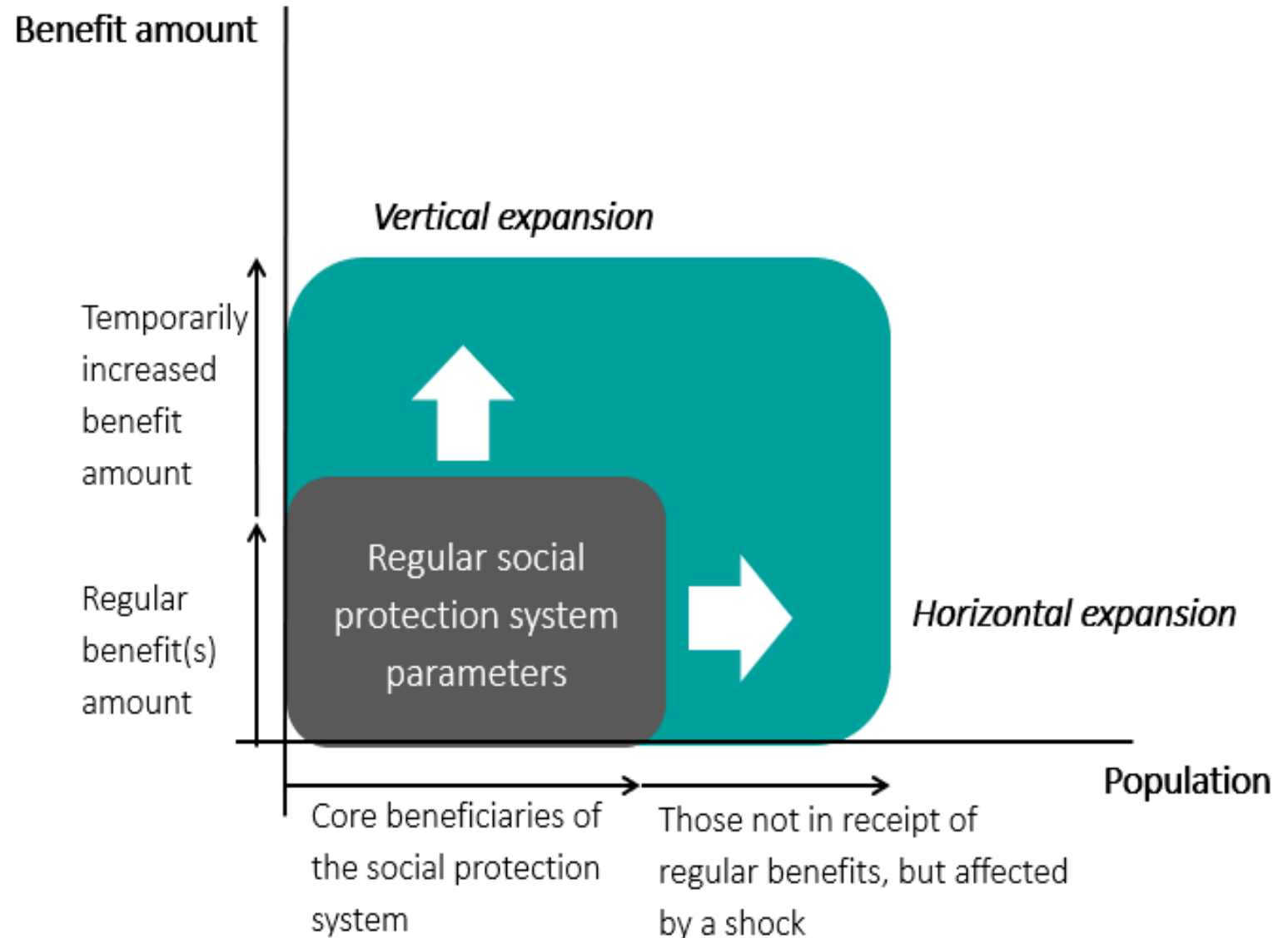
# SP's role in Building Resilience

By

1. Ensuring programs cover all the poor and vulnerable through adequate benefits combining - cash, cash plus, and productive inclusion interventions
2. Ensuring that public works programs build community asset that address key drivers of community-level vulnerability
3. Ensuring programs support to human capital accumulation for inter-generational adaptation through increased opportunity
4. Strengthening programs delivery systems to prepare for response
  - registration processes, beneficiary databases, payment mechanisms, and M&E and GRM

# SP's role in Supporting Response – I

1. **Temporary expansion of program(s)**
  - More benefits to current beneficiaries, or new enrolment (*'Vertical'* or *'horizontal'* expansion)





# SP's role in Supporting Response – II

## 2. **Adjust design** of social protection systems and programs (*'Design tweaks'*)

- Make plans to ensure that, when there is a shock, social protection programs can maintain their regular service
- Flexibility in registration time, payment period, relaxing requirements, etc.

## 3. **Use of elements** of social protection system by disaster response actors (*'Piggybacking'* on social protection)

- Using a beneficiary list or payment mechanism

# SP and Disaster Risk Management

- SP can align its goals of DRM and climate adaptation
  - public works programs build community asset that address key drivers of community-level vulnerability – examples
- Coordination in terms of Common vulnerability / risk assessments
- SP programs can communicate info on disaster preparedness and early warnings

# SP and Humanitarian assistance

- Humanitarian assistance is often provided through parallel structures, because
  - the need for timely assistance
  - concerns about the impartiality of governments
  - low government capacity; and
  - ensuring transparency and accountability of resources.
- Adaptive SP cannot fully substitute humanitarian assistance. However, they can be complementary to each other
  - Should be coordinated
  - the increasing shift to cash-based assistance are strengthening linkages with national SP systems can enable closer integration.

# Impact of COVID-19 and Social Protection

## Impact of COVID

- Impact on health and lives
- Loss of jobs and income across the world which can lead to increase in poverty
  - food insecurity and nutrition
  - negative impact on human capital (investment in health and education and skills)

### Nepal

- Job loss - Between 1.6 and 2.0 million jobs are likely to be disrupted, either with complete job loss or reduced working hours and wages (ILO 2020)
- Decline in remittance – contracted by 43% after the pandemic hit

## Responses around the world

- Many countries have responded using Social Protection programs
- Either by introducing new schemes or by expanding/scaling up existing programs

Adaptation of social assistance programs	Countries and programs (as of Jul 10, 2020)
Increase in existing benefits (vertical expansion)	58 countries (78 programs)
Scale up coverage (horizontal expansion)	165 countries (479 programs)
Existing programs	21 countries (26 programs)
New programs	165 countries (454 programs)
Both vertical and horizontal expansion	14 countries (18 programs)

# What constitutes an adaptive social protection system?

## 3 Building blocks

### 1. Adaptive information

- information on who the vulnerable are (poor, those exposed to shocks) & where they live

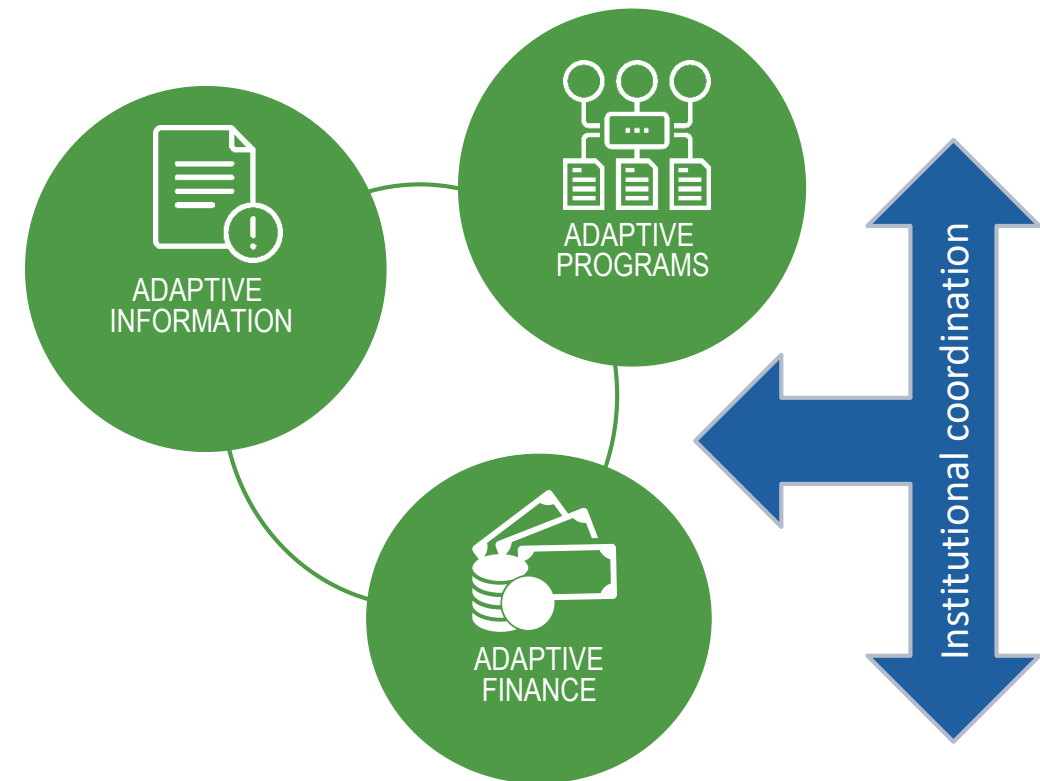
### 2. Adaptive programs

- Programs that build resilience before disaster; and scalable to respond after disaster

### 3. Adaptive financing

## Underpinned by

- *Institutional coordination between DRM and SP systems*



# Nepal Context

- High exposure to shocks
  - Floods, landslides, earthquakes, blockades, pandemics, etc.
  - Households vary in degree of exposure to shocks
    - Poorer households reported shocks more often
- A large portfolio of SP programs
- SP programs and systems are not adaptive



# Context in Nepal - Programs

A large SP portfolio: cash transfers, public works, scholarships, school meals, health subsidies, etc.

But shock response mechanism is not systemically linked to SP

Social Insurance (contributory schemes)	Social Assistance (non-contributory schemes)	Labor Market Programs
Public sector pensions	Social security allowances (senior citizens, single women, disability, children, and endangered ethnicity)	Youth and Small Entrepreneur and self-employment program (YSEF)
Employee Provident Fund	Prime Minister's Employment Program (PMEP)	Enhanced Vocational Education and Training (EVENT)
Social Security Fund	Scholarships and midday meal programs	Enhanced Skills for Sustainable and Rewarding Employment (ENSSURE)
National Health insurance	Safe motherhood program and other health subsidies	
	Others: Social welfare programs, Janata Awas Program	

# Context in Nepal

## 1. Coverage of the poor and vulnerable

- Mostly demographic and categorical targeting; all the poor and vulnerable are not covered
  - New SSA scheme for the economically poor – yet to be operationalized
  - PMEP could cover the working poor
- All currently eligible are not covered due to implementation challenges

## 2. Programs are not designed to be scalable



## 3. Delivery systems are still nascent

- Multiple, uncoordinated beneficiary databases and information systems
- No integrated social registry yet
- Payment systems are still being developed

## 4. Financing

- Government spends a substantial amount on SP- about 3.9% of GDP in FY 2019
  - More than 50% is spent on public sector pensions
- No clear provision for contingent financing linked to SP programs
- MOHA Relief standards
  - Relief/Compensation for death (2 lacs per person), damage to house, crops or shops (15-20,000 per family) and support for resettlement if needed

# Policy context

- ***Disaster Risk Reduction and Management Act and regulations***
  - to institutionalize links between disaster risk management system and social protection
  - to address impact of disasters on livelihoods.
- ***Social Security Act & Right to Employment Act***
  - provision for transfers to the economically poor and vulnerable which can contribute to building resilience prior to shocks
- ***Prime Minister's Employment Program (PMEP)***
  - Public works program to ensure minimum employment
  - These public works could be designed to be adaptive by focusing on climate resilient small infrastructure.
- ***Emerging consensus on building a social registry***

**What are the next steps  
for Nepal?**



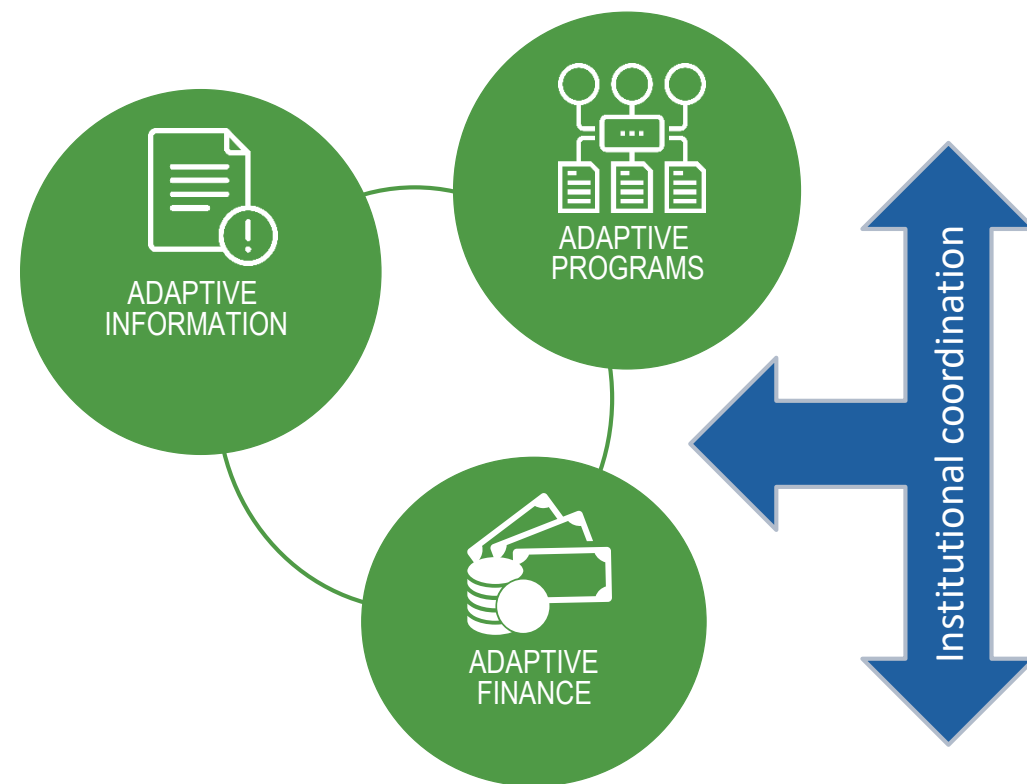
# Adaptive social protection system?

## **3 Building blocks**

- *Adaptive information*
- *Adaptive programs*
- *Adaptive financing*

## **Underpinned by**

- *Institutional coordination*





# I. Establish an adaptive information system to identify households vulnerable to shocks

- Develop a policy framework to establish an adaptive information system based on a social registry.
- Develop a national social registry of uniquely identified households and their members, that contains demographic, socio-economic and spatial data, building on existing data.
- Ensure interoperability between the social registry and beneficiary databases of SP programs by using of a unique ID
- Further develop early warning information systems to inform planning for early response.

## 2. Build adaptive programs that promote resilience, and that are scalable for response and recovery

### Building Resilience

- **Household** - (Re)focus existing and new programs, including the PMEP, to ensure the coverage of the poorest and those individuals and households most exposed to shocks.
- **Community** - Design public works programs to build/maintain assets for community resilience by integrating the programs with action plans for climate change adaptation and other DRM activities.



## 2. Build adaptive programs that promote resilience, and that are scalable for response and recovery

### Supporting Response

- Add provisions in guidelines of social protection programs, such as that of SSA, to allow for temporary scaling up of programs, to complement humanitarian response.
- Define rules for horizontal and vertical expansion and establishing mechanisms to trigger scaling-up, for example by linking to early warning system.



### 3. Develop adaptive financing mechanisms to ensure timely response



- Establish contingency financing for disaster response at all levels of government, as provided for in the DRRM Act, and
  - Enable the use of social protection systems including social registry and payment systems, to deliver relief to individuals and households affected by shocks.
- Develop a long-term disaster risk financing strategy with a mix of instruments, including contingency budgeting, contingent credit lines, such as the catastrophe-deferred drawdown option, and risk transfer products, such as insurance.



## 4. Establish robust institutional links between disaster risk management and social protection



Institutional  
coordination

- Ensure that the provisions in the DRRM Act and regulations are realized
  - to implement special programs for vulnerable population, and
  - post-disaster assistance to address impacts of disasters on livelihoods and not simply impacts on housing or assets
- Ensure that the National Disaster Risk Reduction and Management Authority has a separate cell or unit for social protection to facilitate the above.

# Role of CSOs in promoting adaptive SP

## 1. Information

- Support with gathering data at the local level to populate the social registry

## 2. Programs

- Support to increase coverage of existing programs ensuring that the most vulnerable and excluded are covered
- Provide examples of good productive inclusion programs that can be scaled up
- Include DRM aspects in program design

## 3. Help coordinate response

- Cash coordination group, UN clusters
- Coordinate with government systems to the extent possible

## 4. Policy engagement

- Continue engagement in the policy dialogue

# Resources

- Nepal - Policy note on Adaptive Social Protection for Effective DRM  
<http://documents1.worldbank.org/curated/pt/555751539350285844/pdf/Adaptive-Social-Protection-for-Effective-Disaster-Risk-Management.pdf>
- Strengthening Links between Social Protection and Disaster Risk Management for Adaptive Social Protection in Nepal (English)  
<http://documents.worldbank.org/curated/en/887841547566736438/Strengthening-Links-between-Social-Protection-and-Disaster-Risk-Management-for-Adaptive-Social-Protection-in-Nepal>
- World Bank (2020) Adaptive Social Protection: Building Resilience to Shocks  
<https://openknowledge.worldbank.org/bitstream/handle/10986/33785/9781464815751.pdf?sequence=2&isAllowed=y>



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