

The Case for Cash in the Covid response in Nepal

Position Paper addressed to the Social Welfare Council

Redacted by Sarah Blin, Country Director Oxfam in Nepal for the Association of International NGOs, November 2020

Part 1

We thank you for reaching out on the issue of the cash response to the COVID crisis. Individual agencies will be responding on their own programming and financing scenarios. In order to support further thinking on this issue, we would like to present a few insights into the use of cash and social assistance in a crisis such as COVID.

1. Nepal has a long history of social protection schemes, redistributing state resources in solidarity with vulnerable groups: people living with disabilities, elderly people, children, people living in specific geographic areas.
2. Humanitarian actors in Nepal have used cash transfers in the 2014 floods, 2015 earthquake, 2016 floods, on the backbone of years of best practice in humanitarian crisis around the world. One of these programs was the expansion of the child grant social protection programme, supported by UNICEF, demonstrating the potential of a bridge between humanitarian cash and social protection, what is known as 'shock responsive social protection'.
3. Cash transfers and shock responsive social protection are included in the legal and policy framework of disaster management in Nepal (NDRMA), whilst the NPC, who is finalizing the national social protection framework, has endorsed the need for shock responsiveness in social protection policy.
4. At the onset of the COVID crisis, the government announced the set up of employment guarantee schemes, subsidies programs and maintained social security schemes which are all welcome for supporting the very poor in a time of crisis.
5. Social assistance for the most vulnerable was mainly in the form of food distributions organized by local governments. We argued that this would present health and logistical risks, and is nowadays seldom used around the world due to the negative impact it has on people choice and on market disruption.
6. Cash transfers, either through a humanitarian channel and/or through vertical/horizontal expansion of social protection programmes, were not approved by government as an acceptable modality to respond to the COVID crisis. In fact, some schemes for people living with disabilities and women were suspended.
7. This is in contrast to the practice witnessed in a vast majority of countries, including under-resourced countries. A recent review of 212 countries showed that 156 countries introduced cash assistance. Nepal is among the top 4 most populated countries in the world who did not provide cash assistance. Neighboring Afghanistan, Sri Lanka, Pakistan, Bhutan and India all rolled out a cash response in support of those most affected by the pandemic. The poorest countries in the world spent an average of 52% of average monthly GDP. In fact, 17% of the world population received such assistance. The complete data set for this analysis can be found here:

[Social-Protection-and-Jobs-Responses-to-COVID-19.pdf](#)

8. The impact of COVID in Nepal is two-folds: on the economy and on individuals. Shock responsive social protection (SRSP) plays its part in addressing both, by stimulating consumption through the injection of cash and by protecting vulnerable individuals from falling into extreme poverty. A program, delivered with safeguards, including involvement of civil society for targeting and monitoring, does not lead to political or elite capture. People living below the poverty line know how to spend their money, especially when funds are channeled to women and connected to community groups who can support spending choices and connect families to associated services. Providing assistance through cash is less costly and requires less human resources than in-kind assistance, especially in geographically-challenging environments. This is again true when using digital cash, which is now widely available throughout Nepal. The State of Bihar in India is one in thousands of example of how (digital) SRSP is taking preeminence around the world. Other resources are available on CaLP, [socialprotection.org](#) and ODI websites.
[Digital-Cash-Transfers-for-Stranded-Migrants.pdf](#)
9. Knowledgeable individuals in Nepal from the Social Protection Task Team and Cash Coordination Group member agencies are available to support further thinking on this issue, as they have done so far with expert government officials in respective ministries.
10. With a vaccine likely to be only partially rolled out by mid-2020, further international restrictions, localized lockdowns and hits to global and national economies, we wish to call on the Social Welfare Council to support the development and scale up of shock responsive social protection programs across the country to address acute and chronic poverty.
11. Ideally, the anticipation of further lockdowns would help us to identify and assist together those affected by a sudden and short-term loss of income through joining expertise on cash assistance in emergencies and on social assistance.

We would be delighted to discuss this further with you in due course.

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Part 2

Thank you for the opportunity to provide further input into experiences with cash responses to emergencies and with adaptive social protection in Nepal.

Cash transfers have been used in the 2008 Koshi floods, the 2014 Far Western floods, the 2015 Gorkha earthquakes, the 2017 floods and the first weeks of the COVID lockdown. We wish to refer to two review documents that provide a compendium of these experiences in Nepal:

1. Lessons from the UNICEF Nepal Emergency Cash Transfer Programme through Social Assistance, Briefing Note, OPM, 2018
2. Scaling up Scaling up humanitarian cash transfers in Nepal, Working Paper, ODI, not dated

Key findings from the Nepal experience are that:

- Cash transfers were set up using physical cash, cash vouchers, digital vouchers and digital cash transfers. WVI for example has developed a closed-loop system that ensures traceability of

transactions. Oxfam has also been able to use e-cash transfers into cooperative accounts of very poor women (see annex).

- In order to coordinate cash transfer programming, the cash coordination group (CCG) led by the government and the humanitarian community, as part of the cluster system, set up standards for targeting criteria (who should get support), minimum expenditure basket (what amount should be given), and delivery mechanisms (vouchers, cash, digital).
- In practice, I/NGOs discuss with local government (or VDC/DDC prior to the federal state) the process to identify recipients and they deliver based on the local context and the needs. The existing social assistance registers are used to identify beneficiaries and the information is cross-checked through community interactions to ensure that those in need receive the assistance.
- At times the market doesn't allow for an effective response through cash, or the needs are too complex to be met by a cash response. But reviews show that when cash was given, it allowed to meet minimum needs and provided flexibility to address multiple needs in difficult times.
- In most cases, women are the primary recipients of cash assistance. This helps ensure that the money goes to meet family needs in a disaster.
- At times, cash is replaced by specific employment guarantee schemes but these may be more restrictive and more complex to set up. Scaling up existing schemes has more scope.
- Recipients of cash transfers report that cash is the best way to meet extraordinary expenditure triggered by a disaster because they can choose what is a priority to them, depending on how they have been affected.
- Humanitarian cash transfers after the 2015 Nepal earthquakes were a major and highly appropriate part of the response given the challenging logistics of delivering in-kind aid to remote mountainous areas.

There has also been experiences of connecting social protection mechanisms with an emergency response. In 2015, the GoN, with support from UNICEF, arranged for topping up the newly established child grants for the beneficiaries in the earthquake-affected districts. Two installments were made covering 19 districts (installment 1) and 11 districts (installment 2). This experiment is part of shock-responsive social protection, that is referred to in the 2017 disaster bill. This experiment showed the potential of connecting humanitarian cash programming and social assistance by making an additional payment to existing beneficiaries. It was assessed that this vertical expansion was significant in supporting all existing recipients of child grants, but may have excluded other needy child-less vulnerable people. The child grant program being universal (covering all children), it had a very good coverage. It also stimulated child birth registration. This experience is now the reference for future programming in this area (see annex).

These experiences demonstrate that Nepal has extensive experience in dealing with cash in emergencies and that its forward thinking social protection program has scope to stretch in a disaster to support poor people further.

We hope that this can help us continue to interact and that it would allow us to provide cash assistance if future lockdowns happen and if a disaster strikes.

Annex: Reference documents

[Cash-and-Voucher-Assistance-Through-SIKKA.pdf](#)

[Lessons-from-the-UNICEF-Nepal-Emergency-Cash-Transfer-Programme-through-Social-Assistance.pdf](#)

[Towards-shock-responsive-social-protection-and-forecast-based-action-financing.pdf](#)

[Scaling-up-humanitarian-cash-transfers-in-Nepal.pdf](#)

[BATADI-CASH-TRANSFER-Challenges-and-Learnings.pdf](#)