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## Forecast-based Action and Shock Responsive Social Protection (FbA-SRSP)

in Sudhur Paschim and Lumbini Provinces, Nepal

# A Case Study on Shock Responsive Social Protection: Horizontal Expansion during the 2022 unseasonal floods in Nepal



Photo credit: Peter Biro, European Union Humanitarian Aid Operations



Nepal Red Cross Society



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# Content

1.	Introduction.....	02
2.	Program Design and Implementation.....	04
3.	Post Distribution Monitoring.....	06
3.1.	Methodology.....	06
3.2.	Summary data on respondents.....	06
3.3.	Findings.....	07
4.	Recommendations.....	10

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# 1. Introduction



Since 2020, the Nepal Red Cross Society (NRCS) has been working with the Local Government Authorities (LGAs) to develop a Forecast based Action (FbA) mechanism to act in anticipation of a disaster based on a flood warning informed by weather forecasts. One of the objectives of this action is to explore the possibility of leveraging existing social protection systems to deliver early action assistance to flood-hit communities.

The concept of Shock-Responsive Social Protection (SRSP) has been tested in the floods of 2021 and 2022 in the targeted municipalities. During the 2021 unseasonal floods in the Kailali district, a vertical expansion of the Social Security Allowance (SSA) was piloted by providing Multi-Purpose Cash (MPC) assistance to the SSA recipients as a one-time top-up who had been impacted by the flood. While this case provided a proof of concept for a cost and time-efficient cash transfer modality to reach a significant proportion of the Nepali population with cash assistance that is deemed as 'vulnerable' and/or 'affected' by a given disaster, there was still a need to reach the remaining affected population not registered under the program with complimenting modalities. To provide a practical solution for this limitation, the action implemented a horizontal expansion of SSA to cover the total impacted households within the targeted geographical area in anticipation of

the upcoming monsoon. In Janaki municipality, Kailali district 149 households were provided with multi-purpose cash by temporarily expanding the SSA database.

While the preparatory work to roll out the temporary horizontal expansion was done in anticipation of the floods, the actual cash was transferred after 4 days of the disaster. Cash in anticipation is still marred with a lot of clarity in absence of endorsement of the Cash guidelines by the government. Hence, it is yet to be tested.

Independent evaluation of horizontal expansion shows that the affected population can receive the cash transfer immediately within a few days of a small to medium-scale disaster. And since local markets are uninterrupted under such circumstances, early cash response can support in meeting the most basic and urgent needs of the affected families in the immediate aftermath of a disaster. The action recommends the SRSP as a feasible solution to not only an efficient but also a dignified emergency response.

The action aims at offering proof of concepts of feasible SRSP solutions that can influence the government of Nepal's SRSP policies, guidelines and strategies. Both the 2021 and 2022 multi-purpose cash assistance were done as a rapid response although the preparatory work necessary for the transfers was done in anticipation of the floods.

Predetermined parameters agreed ex-ante are:

- Identification of flood-exposed geographical areas for the horizontal expansion.
- Pre-registration of the potential households within the area that will receive the support.
- Identification of multi-purpose cash transfer and encashment mechanism.
- Identification of triggers to authorize the horizontal expansion.



The expected outcomes of the intervention were:

- To provide MPC assistance as early response immediately after the floods so that households can meet their most basic and urgent needs.
- To provide a 'proof of concept' to key stakeholders, at both the local and national levels regarding the feasibility of temporary horizontal expansion of the SSA and its features to deliver cash assistance to disaster-affected households. The horizontal expansion also resolves the issue of exclusion error through geographical targeting.

This action is part of the European Union Civil Protection and Humanitarian Aid Operations funded project "Forecast-based Action and Shock Responsive Social Protection in Lumbini and Sudhur Paschim Provinces," which is led by the Danish Red Cross with consortium partners – the Red Cross Red Crescent Climate Center and the Handicap International and implemented by the Nepal Red Cross Society.

Follow [this link](#) for a detailed study of the cash relief for the 2021 floods delivered through leveraging Nepal's Social Security Allowance program.



## 2. Program Design and Implementation



### Targeting

- The entire community along the riverbank from Janaki Rural Municipality, Kailali district which comprises 150 households was targeted. Of the total, 58 were SSA recipients. The action has been working with LGAs in Janaki rural municipality since 2020 to develop FbA and SRSP mechanisms which ensured their full cooperation towards the horizontal expansion modality. The MPC in response to the 2021 floods had also been rolled out in Janaki and its neighboring municipality, Tikapur. During preparation, it was identified that the Danish Red Cross could mobilize funds sufficient to cover 150 households. This also determined the scale of the operation.

### Preparation

- In preparation for the monsoon 2022, the action held consultation meetings with WFP to explore the potentialities of synergies on SRSP cash transfer. To avoid duplication of beneficiaries and geography it was agreed that this action would roll out

implementation of the SRSP mechanism with a limited number of affected people in a particular area while WFP will cover the wide number of populations with multi-purpose cash in Janaki municipality, Kailali. The consensus was made together with NRCS Kailali District Chapter (DC), which was the implementing partner for both WFP and DRC.

- The feasibility of horizontal expansion for geographical targeting of the entire community in the identified area was explored by leveraging the Flood exposure and vulnerability database that was already collected by this action. The database helped identify households in the geographical area, their vulnerabilities, capacities, and contact details due to which a new pre-registration of potential recipients was not necessary.
- The flood exposure and vulnerability data do not include sensitive information such as the Citizenship ID number and bank account number. Therefore, the bank account details were collected in response to the flood for non-SSA recipients, while the SSA registry list was used to retrieve account details for SSA recipients.

- The pre-registration of non-SSA recipients showed that there were more than 15 different bank accounts in the total 150 households. Therefore, to reduce the administrative procedures IPS transfer service was explored. This option was also tested during the simulation exercises in Thakurbaba, Bardiya which proved to be time efficient, although it requires a minimum charge for each transfer.

## Distribution and Encashment

- Within two weeks of the flood in Janaki, the MPC assistance had been deposited in the bank accounts of almost all the recipients. On 14 October 2022, the Janaki municipality requested the NRCS DC for fund transfer including a final list of households, except for those who did not have bank accounts (either SSA or personal bank account). Immediately after the DC released the funds to the banking service provider and requested to deposit the cash into the recipient's account. It took the banks another 5-6 days to deposit the cash into the recipients' bank accounts. Unexpected delays of a few days were caused due to unforeseen circumstances. The Municipality had recently changed the banking service provider for SSA while the new service provider had yet to complete the opening of new bank accounts. The merging of two banks also resulted in the change of personal bank account numbers that were collected during the data validation process. Although this might be an exceptional case, it has been noted that such details need to be validated once the weather forecast signals a danger.
- A total of 149 households had received a cash transfer of NPR 15,000 each, of which 58 were SSA recipients who received the transfers in their SSA bank account. Of the remaining, 82 people received their transfers in their personal bank accounts through IPS transfers and 9 were provided with bank vouchers or cash in hand.



- The Red Cross volunteers and municipality officials disseminated bulk Short Message Service (SMS) to all the 149 households by leveraging the Flood exposure and vulnerability database informing them of the fund transfer. This was also complimented with in-person door-to-door visits from Red Cross and/or ward officials to ensure the messages were understood.

## Grievance and feedback mechanism

- The SSA's grievance system was leveraged, which is implemented through various services and points of contact at both the municipality and ward levels to address recipients' comments, questions, or problems. Through consultations with relevant municipality and ward officials, including SSA civil servants, ward chairs and other local government leaders, the pilot intervention was able to mobilize these individuals and the SSA grievance systems they are responsible for managing, to support the pilot's recipients throughout the process as necessary. Leveraging the SSA grievance system ensures that recipients have access to local, accessible, and trusted points of contact, should they require support or information on the intervention.

## 3. Post Distribution Monitoring

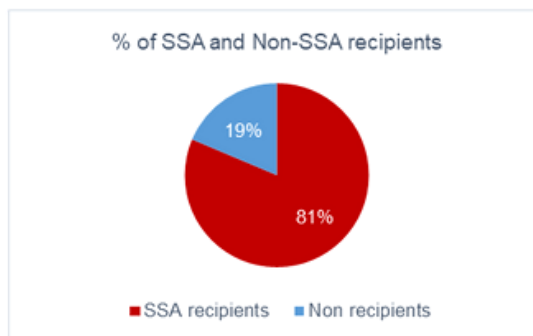
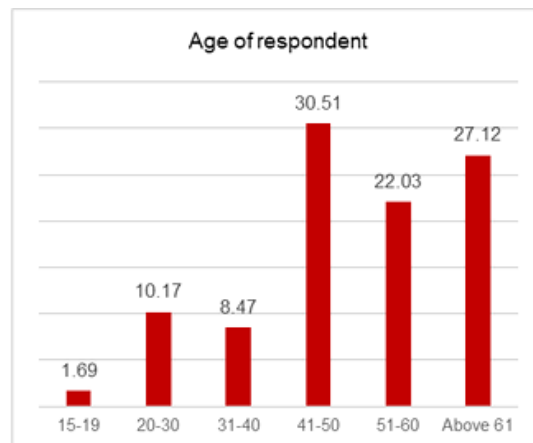
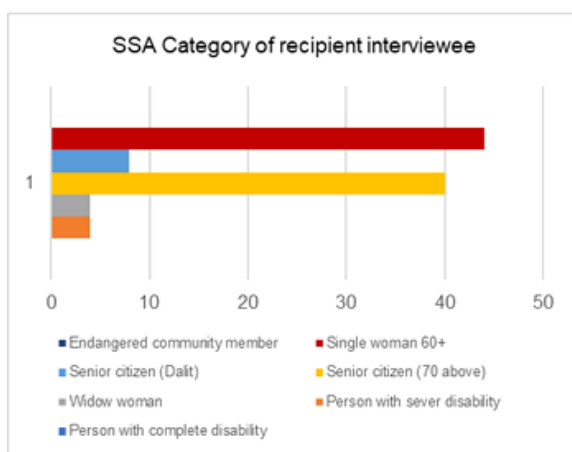
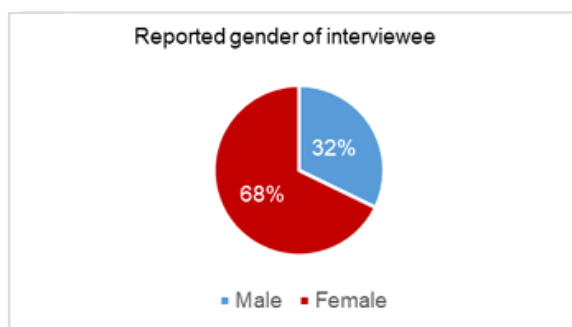
### 3.1 Methodology

Focus group discussions (FGDs) with key stakeholders as well as individual recipient interviews were the chosen methods for data collection of the PDM process. To conduct the PDM, the Red Cross teams made use of the various tools available in the Movement's Cash in Emergencies Toolkit (CiET), including relevant interview templates, resources and interview materials. The annex to this document provides links to all adapted questionnaire templates that were used in this step, as well as anonymized FGD summary notes and interview data summary tables. The champions mobilized in the PDM had previously been trained in data collection and interview techniques and had prior experience in conducting needs assessments, as well as household risk and vulnerability assessments.

Additionally, they were also reoriented on the questionnaires. The PDM process, and in particular the use of FGDs and individual interviews for data collection, therefore capitalized on the available capacity of local Red Cross teams. An important objective of the PDM was to produce evidence for subnational government officials and the wider practitioner community – that can support future planning and inform the policy formulation process. In total 59 individual recipient interviews were conducted using an adapted version of the questionnaire template of the CiET (MS\_2\_3\_2 PDM unconditional CTP survey template). Data was collected through the Kobo toolbox. One focus group discussion was held to triangulate the individual interviews. To facilitate the discussion an adapted version of the Movement's FGD template (M5\_2\_3\_1 PDM FGD questionnaire template) was used.

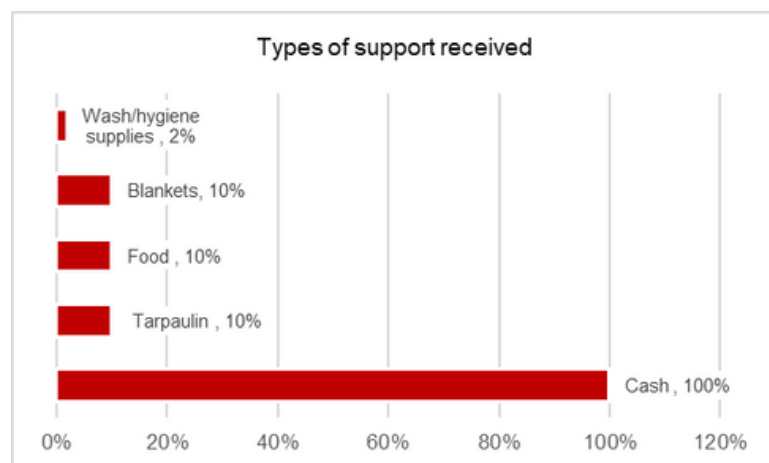
### 3.2 Summary data on respondents

Of the 150 households that received cash during the 2022 floods, a sample size of 59 (approx. 40%) was selected for the PDM. The charts below provide further detail about the respondents.

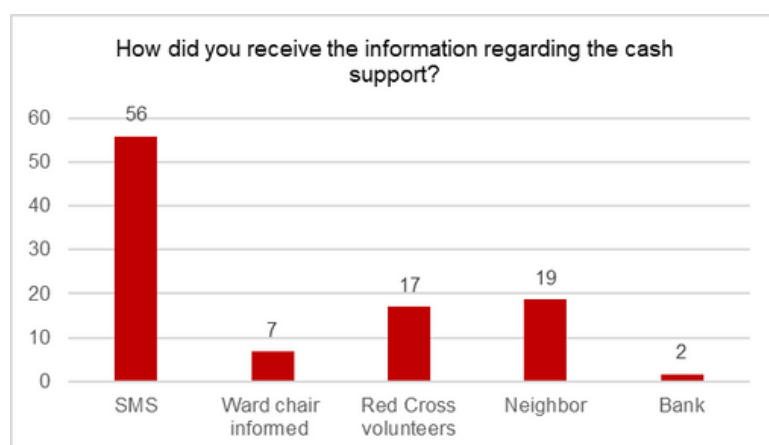




### 3.3 Findings



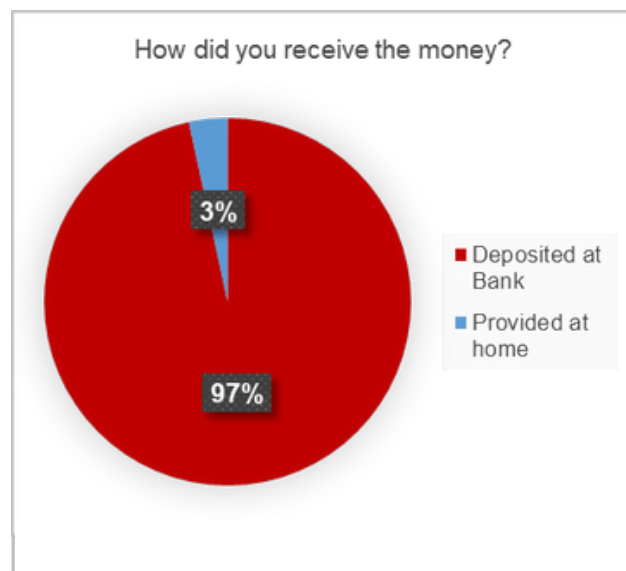
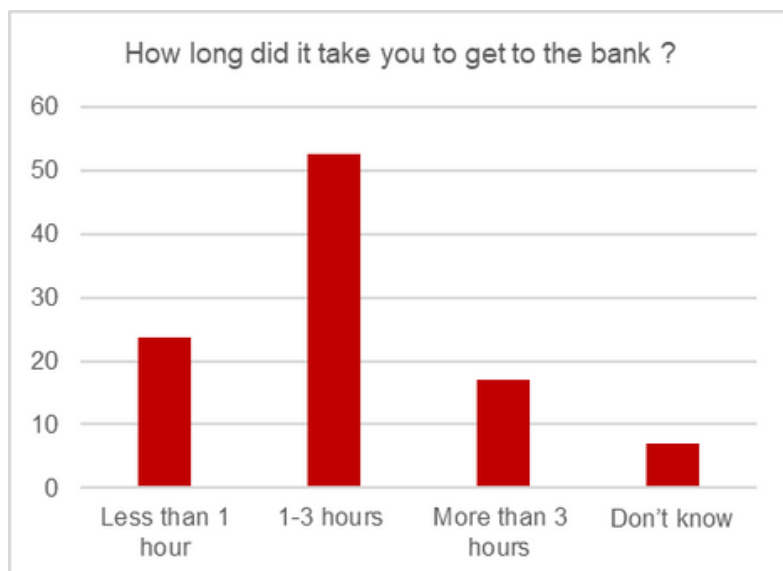
As the PDM was conducted in the area where this intervention had distributed cash, 100% of the respondents confirmed that they had received cash assistance of NPR 15,000. The amount is the minimum expenditure basket as set by the Cash Coordination Group in Nepal.



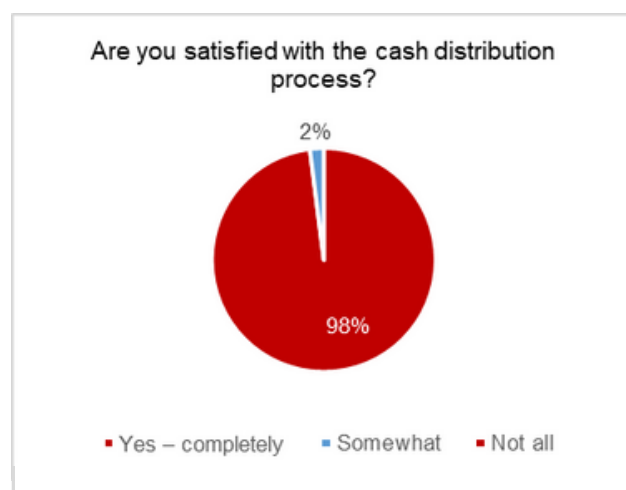
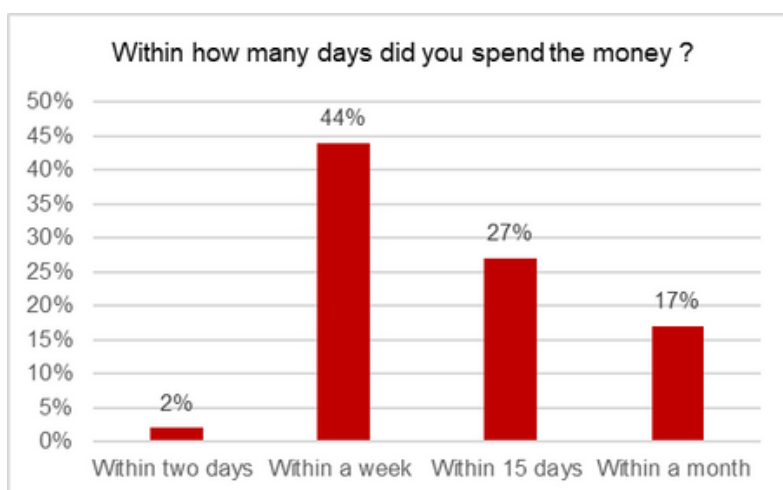
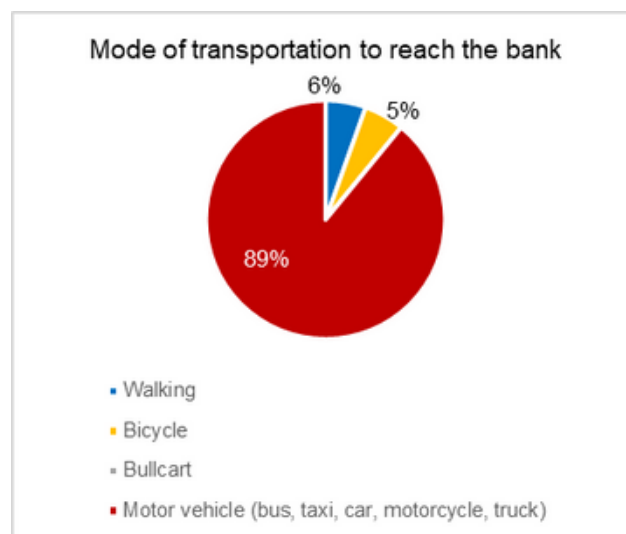
A mass SMS was sent to all the cash recipients regarding the cash transfer by using the contact details from the flood-exposed data. However, only 56% of the respondents confirmed that they received the information through SMS. One possible explanation could be that communities along the Indian border did not have mobile networks from the Nepali telecom carriers which were found out during the simulation exercise. Another reason is that since 27% of the respondents are above the age of 61, a demographic to whom mobile SMS is not the primary source of information. They usually rely on door-to-door visits from the ward members, neighbors, and the red cross volunteers for information. This is also reflected in the remaining responses as 18.64% of the respondents have reported having received the information from their neighbors, 17% from the Red Cross volunteers and 6.78% from the ward members.





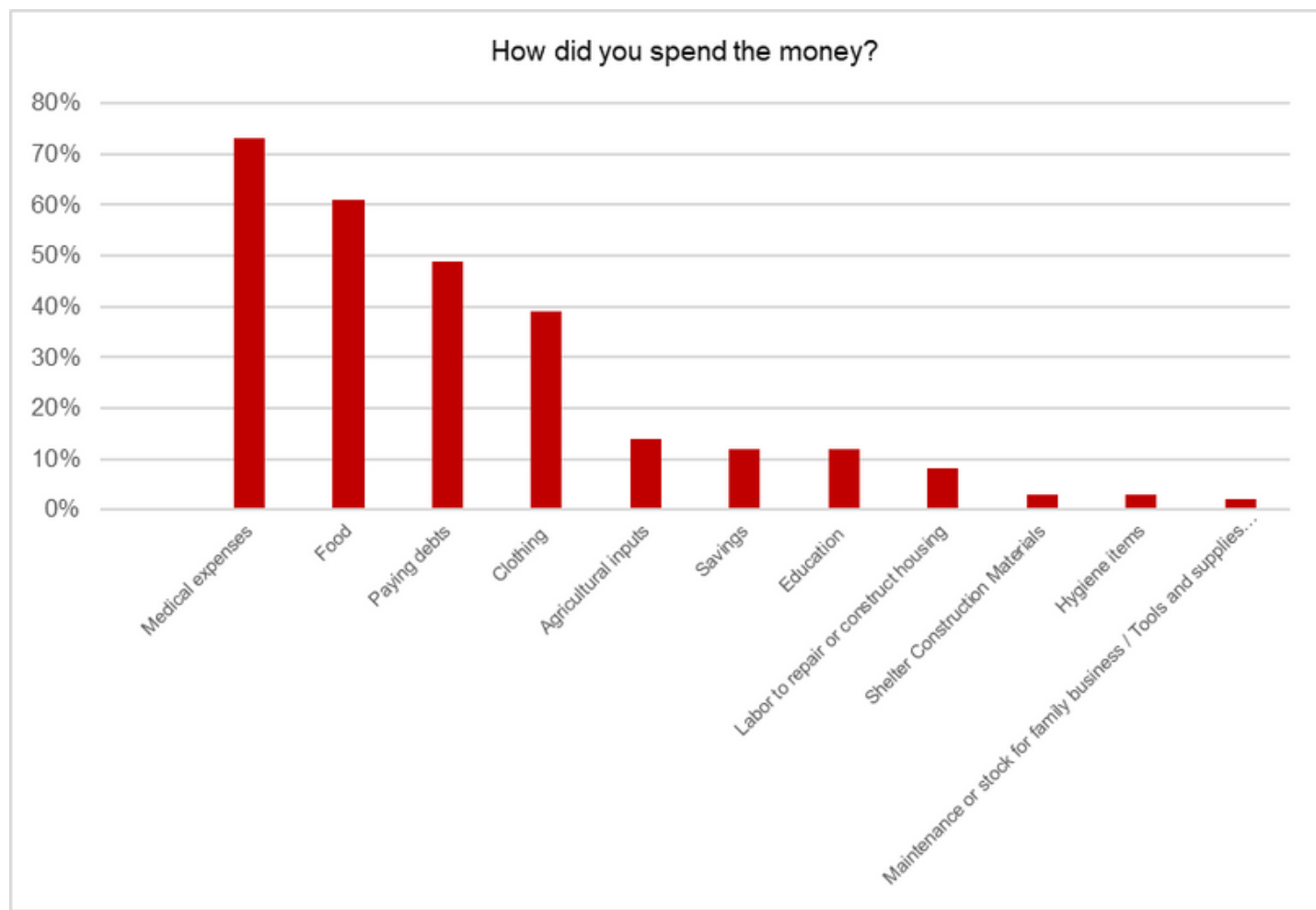


In terms of collection mechanism, 97% of the respondents received the cash in their bank accounts. Only 3% of respondents received the cash at their homes since they did not have access to bank accounts – both personal and SSA bank accounts. As the location of the banks and markets was not disrupted by the flood, the recipients were able to immediately access the cash and spend it on their urgent needs. 89% of the people used motor vehicles to reach the bank. It took 24% of the respondents less than an hour to reach the bank while it took more than an hour but less than three hours for 53% of the respondents. In terms of expenses around NPR 100-500 was spent on transportation to get the money from the bank (round trip).



Almost all the respondents were satisfied with the distribution process.

In terms of spending the money, 92% said that they spent all the money but 8% said they have not spent all the money they received. Of the respondents who spent all the money, among that 44% spent their money within a week and 27% said within 15 days. 16% of respondents said they spent the money within a month.



The data shows that more than 73% of respondents used their money on medication. Similarly, 61% of respondents said they spent the money on food, 49% to pay debts, 31% spent money on clothing and 13% on agricultural inputs. During FGD, the participants informed that they had suffered from diarrhea, vomiting and fever after the floods. This could be the reason why such a high percentage of the respondents have reportedly spent some portion of the cash on medication. Though the municipality did send a doctor to the evacuation center for checkups, the money was spent on continuing their medications. FGD participants also expressed that it's good that they received cash immediately after the flood, so that they could spend money on their urgent needs. An FGD participant shared that he had bought groceries with the money which lasted for more than four months, due to this he was not stressed about managing food for his family members. It was also revealed that those who had paid the debt felt relieved and light after paying their debt. All the respondents preferred cash assistance over in-kind assistance. The respondents were also asked about their preferred method for the cash transfer - through depositing cash in their bank account or providing cash in hand and the majority of respondents chose to deposit into their bank account as their preferred method, while only 3.3% expressed a preference for receiving cash in hand.



## 4. Recommendations

The recommendations contained here are drawn from the horizontal expansion of the SSA for flood early response in 2022. Within the Red Cross, these recommendations will lay the foundation to leverage social protection programs to take early actions for the 2023 monsoon. These recommendations are also offered to the government and other stakeholders to inform their own SRSP design and evidence-backed cash transfer mechanisms. For overarching policy and practice recommendations on the SRSP derived from this action including available global best practices on the topic of Forecast based Action and Shock Responsive Social Protection (FbA-SRSP), please see [this document](#).



**Database:** In the absence of an integrated social registry, SRSP transfer mechanisms should be complemented by other transfer modalities for early action and response to resolve exclusion and inclusion errors. It can also be complemented by the horizontal expansion of existing social protection programs. An existing database such as the Flood exposure and vulnerability data that was already collected under this action was an important prerequisite that helped for a rapid horizontal expansion.



**SSA systems:** SSA is one of the most robust Social Protection programs in Nepal that provides cash transfers every quarter to approximately 3.4 million people across the country. Its financial, information management, grievance, and communication infrastructure can be utilized for immediate emergency response, especially to reach the most vulnerable population in case of large-scale disasters. For optimum utilization of this system, gaps in the system should be overcome such as maintaining a complete and up to date SSA registry, ensuring full coverage of eligible recipients etc.



**Advocacy:** Such ground-level experiences are critical to informing national policy, legal and regulatory frameworks that create an enabling environment to utilize the SP features. The evidence produced through these experiences will be presented and shared with the government, humanitarian, and wider relevant actors to add to the discourse of FbA and SRSP. The National Dialogue on AA is one such important platform that engages with decision-makers at the federal level.



**Financial Service Providers (FSPs):** Limited capacity of the banks located in smaller towns or rural locations has often been identified as a bottleneck, especially when the volume of transactions increases during the SSA distribution period or during emergencies. Besides banks, other multiple FSPs such as remittance agencies and mobile money transfer providers should also be explored. Additionally, multiple payment options such as ATM, mobile banking, IPS transfer, etc. should also be explored.



**Auxiliary to the government:** Being an auxiliary to the government with close networks with various line agencies as well as a common implementing partner to various humanitarian agencies, NRCS is well-positioned to facilitate the process of jointly developing common FbA-SRSP policies and framework for a streamlined AA in Nepal.



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