



Unconditional cash transfers as a post-earthquake recovery response for children under five years

Independent Assessment Summary Report, April 2017



Background: In response to the devastating April and May 2015 earthquakes, the Government of Nepal, in cooperation with UNICEF, implemented the Emergency Cash Transfer Programme (ECTP) as a means of meeting the basic consumption needs of vulnerable groups. The first phase, the Emergency Top-up Cash Transfer Programme (ETCTP), from July to November 2015, was directed towards supporting current beneficiaries of established social assistance programmes for vulnerable groups (Dalit children under five years old, older persons, widows/single women, persons with disabilities and endangered ethnic groups).

The second phase, the Earthquake Recovery Cash Transfer Programme (ERCTP), conducted between June 2016 and April 2017, more narrowly directed benefits to households with children under five years old, not limited by caste or ethnicity. ERCTP aimed to lay the foundation for increased capacity at the local and national level for the expansion of the Child Grant programme by developing a registry of children under the age of five and strengthening government social assistance mechanisms. ERCTP aimed to support the food security, well-being and civil rights of children by providing an unconditional cash transfer of NPR 4,000 (US\$40) to the parents/guardians of each child under five. Child eligibility was determined as all children born on or after 10th December 2010 and was limited to two children per mother/guardian. An independent assessment of the programme using a quantitative survey was conducted between September 2016 and April 2017 to examine the programme's coverage, outcomes and implementation effectiveness from the perspective of beneficiaries.

Methodology: For the independent assessment survey, 968 eligible individuals were systematically randomly sampled from the beneficiary lists in 44

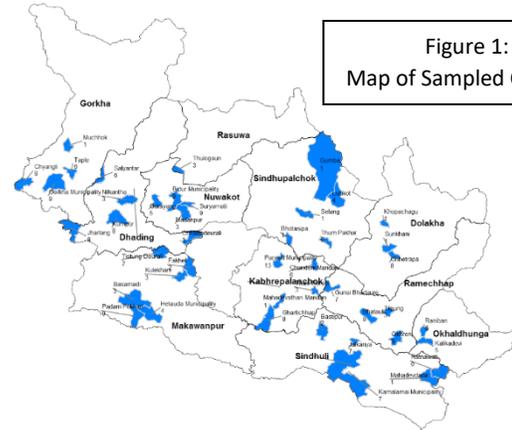


Figure 1:
Map of Sampled Clusters

clusters (wards) across the 11 most earthquake-affected districts (see Figure 1). Clusters (wards) were chosen based on Probability Proportional to Size principles. Within each selected cluster, 22 eligible beneficiaries were identified using systematic random sampling technique. Eligible beneficiaries were sampled using the digitalized data from MoFALD/UNICEF's 2016 census of all children under 5 in the 11 districts as well as the ward-level list of additionally registered children (see explanation in *Design & Implementation Challenges 1*) obtained from the Village Development Committees (VDCs). To account for delays in cash distribution to additionally registered children, these respondents were re-enumerated via phone between February and April 2017 after their wards reported completed cash distribution. The socio-demographic distribution in the sample is generally reflective of the wider beneficiary population, although the sample shows a slight bias towards boys for unidentified reasons.

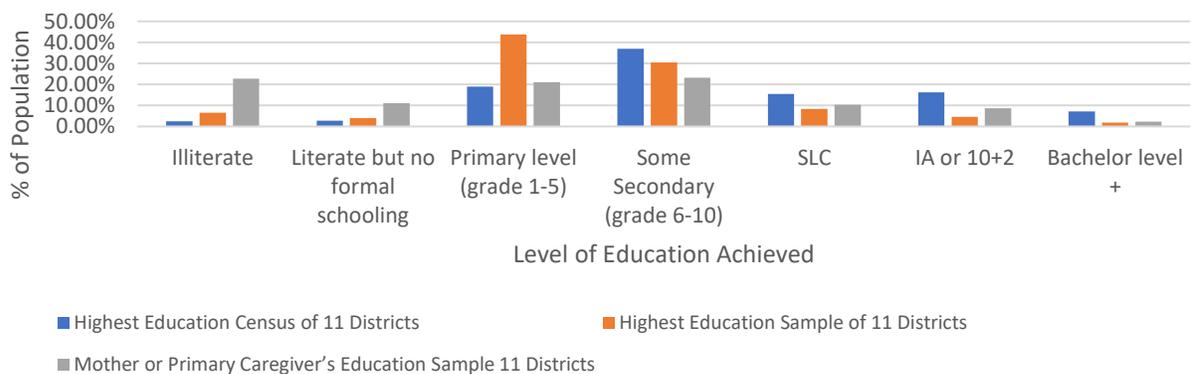
The independent assessment survey verified that the majority (84 per cent) of intended eligible beneficiaries - approximately 210,350 children - received the unconditional cash transfer of NPR 4,000 and that the cash was most commonly used to meet basic daily needs of children such as food, clothing, medicine, and educational expenses.

Status of Beneficiary Population

The eligible beneficiary households are socially and economically vulnerable. When compared to the general population, the sample had a significantly higher representation of Disadvantaged Janajati ethnicities, 52.8 per cent compared to 14.0 per cent nationally (CBS, 2011). The sampled households were on average larger, 5.9 people per household compared to 4.6 nationally, with a higher dependency ratio, 0.90 compared to 0.69 nationally (ibid). Therefore, many of these households are relatively or absolutely labour poor and more likely subject to discrimination based on ethnicity.

Further, when comparing the highest reported level of education within the household, the sample population is clearly less educated than the general population with 54 per cent having at or below a Primary Level education – compared to 24 per cent of general population (see Figure 2). Mothers and primary caregivers were more likely to be illiterate or without formal schooling (39 per cent) compared to the highest educated in the household (11 per cent) and general population (5 per cent) – no significant difference between male and female primary caregivers. As mothers' educational attainment has been shown to positively correlate with increased nutrition and other healthy livelihood indicators for young children, this vulnerability is critical to note (NLSS, 2011).

Figure 2: Household Educational Attainment
N = 968



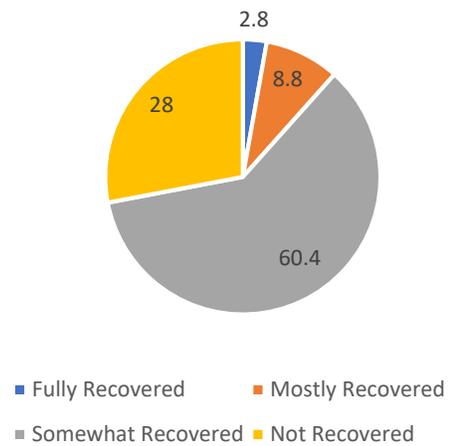
The majority (78 per cent) of respondents reported that their main livelihood is (subsistence) agriculture with 28 per cent reporting wage labour as a secondary livelihood. Nepal as a country is highly remittance-dependent, but only 25 per cent of the respondents reported having received remittances, well below the national average of 56 per cent (ibid) – though 50 per cent of these households were from the highest income bracket > 90,000 NPR.

Expected household spending for the upcoming six months is mostly limited to basic needs as sampled households expected that food items (80.8 per cent), medicine (64 per cent), clothing (51 per cent) and child education (41 per cent) would be one of their top three highest spending priorities. Food insecurity has also been a problem for nearly one-fifth of households as they reported having to sell assets within the month before enumeration to meet their food or other basic needs. Livestock was the most prominently sold asset (16 per cent of the 141 cases). Other common coping strategies included running a credit tab with local traders (58 per cent) and borrowing money (55 per cent).

The eligible beneficiary households were extremely earthquake-affected and have not fully recovered.

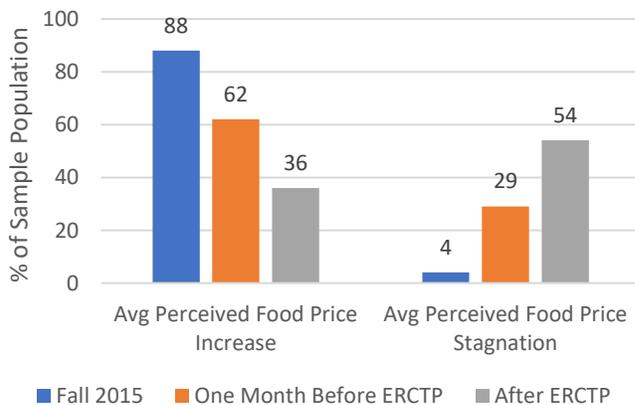
Nearly all respondent households (99.6 per cent) reported damage to their house from the 2015 earthquakes, with two-thirds of households completely damaged. One-third of households have family members still living in damaged housing and two-thirds are living in temporary housing. Additionally, only 2 per cent of the sampled population was living in a newly constructed house, which aligns with the November 2016 national estimate of 3 per cent of households completing reconstruction (NRA, 2016). Only 47 per cent of the damaged households reported receiving any portion of the NPR 200,000 installment from the government for housing compensation (31 per cent of households with partially-damaged houses, 55 per cent of households with completely damaged houses). Livelihood recovery is slow as most households (60 per cent) are only somewhat recovered or not recovered (28 per cent) (see Figure 3).

Figure 3: Extent of Household Livelihood Recovery
N = 968



Local food markets were volatile. The general perception of food market shifts during the past year (starting approximately Fall 2015) was that food prices had increased and then gradually remained stagnant at these increased prices since the ERCTP distribution. An overwhelming proportion of the sample reported increased prices of all items in Fall 2015 (88 per cent on average) which could correlate with the shortage of goods due to the unofficial border blockade of the Indian border. General perceptions show that the prices have still not fallen since ERCTP distribution, as 36 per cent of the sample reported continued increase in food prices while 55 per cent reported that prices now remain stagnant at the higher prices (see Figure 4). Overall, these perceptions show that food prices seem to have been vulnerable to political and environmental pressures over the past year.

Figure 4: Perceived Food Price Change over Time
N = 717



Key Findings

Programme Delivery & Outcome

1. The ERCTP achieved very high coverage among the target population. ERCTP coverage, per the agreed registry, was 84 per cent as of April 2017, with 92 per cent in the sample census population and 51 per cent in the additionally registered children population. This reflects that distribution to additionally registered children was delayed or incomplete in many district at the time of both original enumeration and phone enumeration. The district-wise data highlights the different approaches to registration and distribution taken in each district. For example, coverage of additional children is highest in Nuwakot (59 per cent) and Dhading (77 per cent) where distribution to both groups of children was done together. All recipients received the correct amount of NPR 4,000.

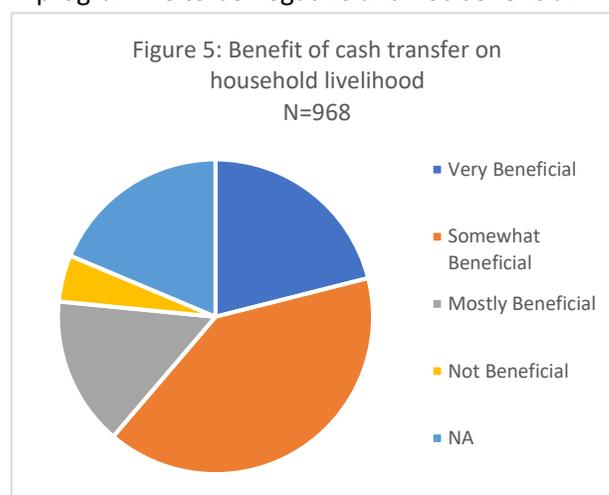
2. OUTCOME 1: The majority of children under age five have a birth registration certificate (BRC) surpassing ERCTP's goal. BRC coverage surpassed the target goal of 90 per cent, as 94 per cent of the sample reported obtaining the document prior or during the ERCT programming period. Prior to ERCT programming, MoFALD/UNICEF's census reported that only 48 per cent of children under age five had a BRC, thus the 46 per cent increase in BRC obtainment speaks to the effectiveness of ERCT programming efforts. Registering a child's birth is a critical step towards increasing child rights as the document facilitates access to citizenship, education, health services and future employment. This level of coverage is positive progress for complementing and strengthening existing government social protection systems.

3. OUTCOME 2: The ERCTP fulfilled its objective by making moderate improvements to the self-perceived living conditions of households with children under five, especially for the most vulnerable households. The majority of households perceived the cash transfer to have

improved their livelihood somewhat (69 per cent) or a lot (5 per cent). Households that were only partially recovered (somewhat or not at all) were more likely to report that the cash transfer somewhat improved their livelihoods. The cash transfer had the most significant impact on the living conditions of the poorest households (earning under NPR 30,000 annually) as 13 per cent reported a lot of improvement in their livelihoods.

4. OUTCOME 3: The ERCTP achieved its objective of improving self-perceived food security by having a moderate impact on increasing a household's ability to provide improved quantity, quality and variety of food for their children. Over two-thirds (70 per cent) of the beneficiary households reported that the cash made either a lot (7 per cent) or somewhat (63 per cent) of a difference in their ability to better provide food for their children, as measured by at least two common indicators (quantity, quality and variety).

5. Beneficiaries have mostly positive perceptions of the ERCTP. The survey found that 80 per cent of respondents perceived the ERCTP as a good initiative and further, 80 per cent reported that the programme was beneficial for them (see Figure 5). Less than 1 per cent perceived the programme to be negative and not beneficial.

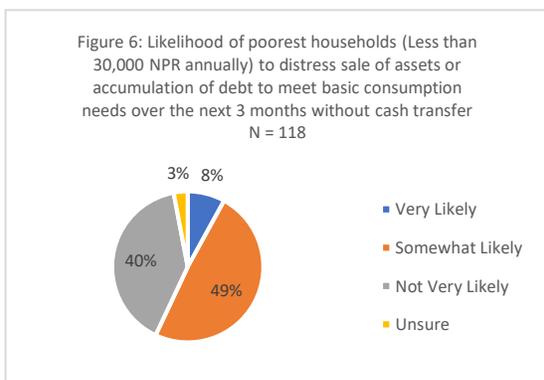


6. The ERCTP had moderate impact on decreased social tension within households of children under five. No one reported any negative change in household relationships since

receiving the cash transfer; in fact, 28 per cent of respondents said the cash transfer decreased tension within the household. Further, the ERCTP did not negatively impact relations within the community.

7. ERCTP had moderate to little impact on enabling households to avoid or reduce reliance on coping strategies that are harmful to children.

- a. **The cash transfer had moderate influence on reducing the occurrence of distress sale of productive assets and accumulation of debt to meet basic consumption needs within the poorest households.** Within households earning NPR 30,000 or less annually, almost three-fifths (57 per cent) reported that without the cash transfer they would be very likely or somewhat likely to participate in negative coping strategies to meet basic needs (see Figure 6). Reduction in reliance on these coping strategies has short-term and potentially long-term impacts on the ability for the household to create a safe environment conducive to child wellbeing.

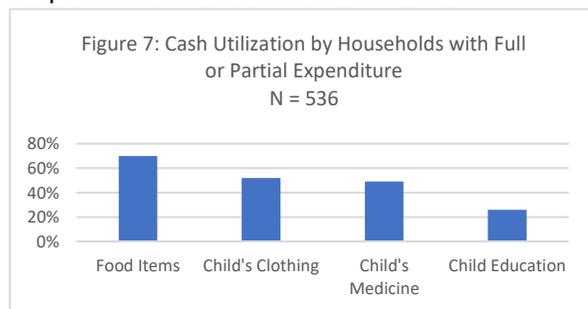


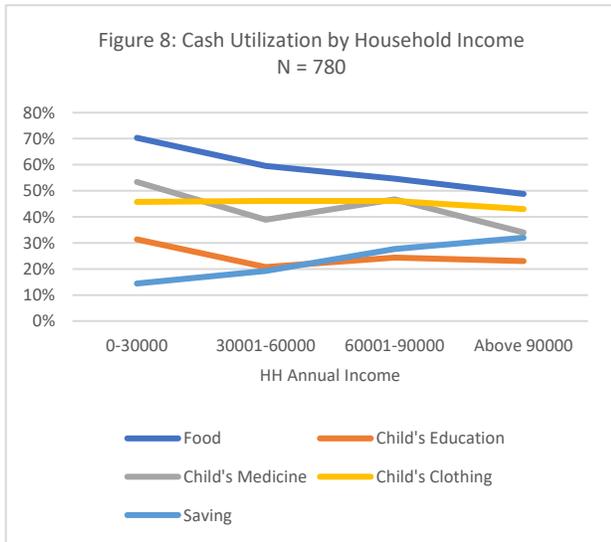
- b. **The cash transfer had little impact on household's ability to access Early Childhood Education (ECE) services for their young child.** Of households with a child attending ECE, no households reported that without the cash transfer it would have been very likely that they would have had to withdraw their child from ECE. The majority (56 per cent) reported that even without the cash transfer, it was not very likely that they would be forced to withdraw their child from ECE. Of those who

included the beneficiary child's education as one of their top three spending priorities, 19 per cent reported that without the cash transfer they would have had a small chance (18 per cent not very likely and 2 per cent somewhat likely) of withdrawing the child from ECE. Only 15 households (4 per cent) reported that without the cash transfer it would have been somewhat likely that they would have withdrawn their child from ECE. All 15 of these households were in vulnerable conditions as they reported that their livelihoods were only somewhat recovered or not recovered and the majority had completely damaged houses.

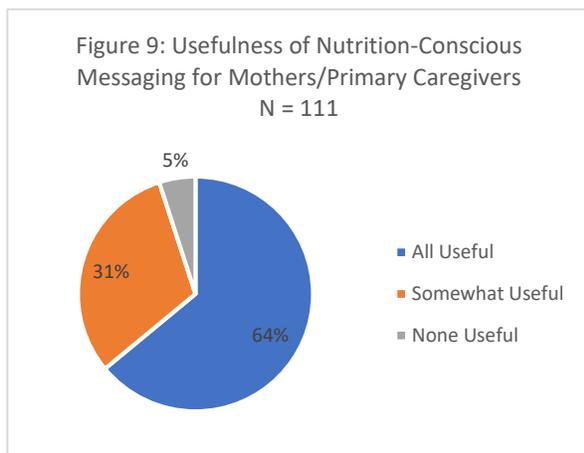
8. ERCTP contributed to strengthening households to be better able to meet the basic daily needs of their children under-five.

- a. **The majority of recipients allocated the majority of the cash transfer to the basic needs of children including food, clothing, medicine and education.** The majority of households who had spent any of the cash had targeted the income towards the wellbeing of children (see Figure 7). But, households who had yet to spend the cash allocated it to future savings (63 per cent). This clear difference in spending habits between immediate needs and long-term needs is linked to household vulnerability (see Figure 8). Households who saved were more likely to be fully recovered, have high annual income and report that the cash transfer made no difference to their household's living condition. Whereas, households that were only partially recovered with lower annual household incomes who reported that the cash transfer made somewhat or a lot of impact on their household's living conditions were more likely to spend on basic needs for their child.





b. Mothers/Primary caregivers had moderate knowledge of nutrition-conscious messages and found the knowledge useful. 17 per cent of the sampled primary caregivers reported being advised by government officials on how to spend the cash transfer, but of those respondents, the majority (94 per cent) recalled being encouraged to spend on nutritional food for children. About one-eighth (12 per cent) of the sampled primary caregivers reported receiving an SMS message from the ERCTP, either directly or indirectly (through a family member or peer). Half of those respondents (52 per cent) who received the SMS remembered the nutrition-conscious messages specifically to buy food for children (90 per cent) and lactating mothers (24 per cent). The majority (81 per cent) remembered at least one of the healthy food options



mentioned in the SMS messages. Nutrition messages were useful to the daily lives of mothers and primary caregivers who received the SMS messages (see Figure 9).

Design & Implementation Challenges

1. All districts completed distribution to census children within one to six months after receipt of funds. However, due in part to some level of confusion and miscommunication between implementing partners, but also reflecting local context, different approaches were taken by district and local level officials regarding the additional children's funding and distribution resulting in less timely and less efficient delivery. During ERCTP registration it was brought to light that a substantial number of children were missed by the original census child registry. To mitigate these shortcomings and increase the potential for near universal coverage of eligible children, VDC/Municipality officials could submit a list of additional children by mid-July for inclusion in the budgeted funds. Of the sampled population 77 per cent were census registered children and 23 per cent were additional children. Makwanpur and Sindhupalchok did not submit their additional children registry on time and therefore, these children were unable deemed ineligible for ERCTP by the agreed upon registry. The intention was for census children to receive payment first while fund approvals and transfers for additionally registered children was being processed, then additionally registered children would have received at a delayed date. But, different approaches were taken by local officials. In some cases, District Development Committees stalled distribution until UNICEF sent sufficient funds for census and additional children, while in others, cash was distributed until the original tranche of funding depleted. This further complicated and limited synchronisation of cash distribution with the regular social assistance payments.

2. **Despite high ERCTP coverage within the census child population, registration failures have resulted in continued delays in cash distribution and low coverage of additional registered children.** The registration shortcomings coupled with different cash distribution approaches at the local level caused significant delays in distribution for both census and additionally registered children. The independent assessment tried to address these delays in distribution to additionally registered children by re-enumerating these non-recipients after their ward had completed distribution. Yet, this could not be completed in all sampled clusters as distribution is still ongoing to additional children in various locations.
3. **Intended protocol to have separate registration and cash distribution was only moderately achieved as about half of recipients registered and received the cash at the same time.** Although registration and cash distribution were intended to be separate processes to increase coverage, this protocol was not always followed at the local level due to ease, timeliness and efficiency for both officials and beneficiaries.
4. **Most beneficiaries had little difficulty or negative repercussions while receiving cash distribution.** Very few major problems were reported during the distribution process. About three-quarters (73 per cent) of sample beneficiaries collected the cash at their local VDC/Municipality office. 76 per cent of respondents reported that it took half a day or less to collect the money and return home. Further, the majority of beneficiaries did not have any travel expenses (87 per cent) or loss of income (86 per cent). Regarding the distribution itself, 75 per cent of sample beneficiaries reported queuing and waiting, however a little over half of the sample (63 per cent) only waited in line for two hours or less.
5. **A small number of children deemed ineligible by the agreed child registry received the ERCTP, highlighting limitations in the cash distribution process.** 60 (unapproved) additionally registered children from Makwanpur and Sindupalchok were sampled, but excluded from analysis of registration and distribution processes. Although these children were deemed ineligible some still received the grant at the discretion of the VDC officials (22 per cent in Makwanpur and 9 per cent in Sindupalchok). Therefore, when including this population in coverage analysis, 81 per cent overall (44 per cent within the additional child population) represents a 'truer' ERCTP coverage that accounts for registration failures (failure to identify and register additional children in time). Alternatively, the previously mentioned ERCTP coverage represents the coverage per the agreed registry and reflects success of distribution. BRC coverage trends remain relatively unchanged when including this population, thus representing minimal registration implementation failures in that regard.
6. **A small number of children received the ERCTP without registering for a BRC, highlighting slight shortcomings in the cash distribution processes.** Even though a BRC was required to receive the ERCT, 20 respondents reported receiving the cash without the presence of a BRC (2.8 per cent of ERCTP recipients).
7. **Complaint mechanism awareness and utilization was limited.** Awareness of complaint reporting mechanisms was low (33 per cent), but utilized by 11 per cent of the sample – lower awareness but higher utilization than found in the independent assessment of the ECTP Phase 1. Most of the filed complaints had to do with issues in the registration process including missing/ rejected registration (65 per cent), lack of BRC (12 per cent) or name misprint (3 per cent). Only about two-thirds of the filed complaints were resolved. About 5 per cent of the sample were deterred from complaining due to distrust in the system or lack of efficacy. This may be due to the weak grievance and redress mechanisms

at the local level, unequal social relations and the tendency in Nepali society not to complain.

8. **The independent assessment found a few instances where child registry had incorrect or missing information regarding the beneficiary child which posed issues in enumeration as well as issues in registration and cash reception.** About 2 per cent of the originally sampled children (20 cases) were replaced during enumeration due to information errors (child name/age, parent name, address or other identifying information). These errors also were one of the main reasons that registered children did not receive the ERCTP (9 percent of the total sample).
9. **Despite being moderately effective, behavioural change messaging had limited reach within the sample.** Less than one-fifth of the sampled primary caregivers reported being advised by officials to spend on the cash for the child's wellbeing or nutritional needs. Further, only 6 per cent of respondents recalled content from nutrition-conscious SMS messages.

Key Policy Recommendations

Integrate the use of medium-term cash transfers through social assistance programmes into future humanitarian relief responses. While Phase I of the ECTP met important basic needs in the time of emergency, Phase 2 addressed short and medium-term needs that increased household reliance and decreased negative coping strategies. Even two years out, household budgets are continuing to face increased pressure as beneficiaries wait for housing reconstruction support, thus the risk of adopting negative coping strategies and other vulnerabilities are still present and must continue to be addressed.

Use the child registry and learnings from the ERCTP as a means of expanding the Child Grant to all children under five. ERCTP has set the foundation for the expansion of Child Grant through the creation of a near universal child registry in 11 districts. The independent assessment has proven the beneficial impacts of

the cash transfer on the livelihoods of households with children under five to contribute to policy advocacy for expansion. Lessons learnt can be used by the government and development partners to inform efforts to strengthen the social protection system for children.

Resolve the registration problems to improve social protection programme coverage in the future. Previously, major contributing factors to the exclusion of children in the annual registration process was the lack of BRC documentation and rigidity of the annual registration process. Although the ERCTP increased BRC coverage significantly, which will contribute to the inclusion of more children under the Government of Nepal's Child Grant in the future, limitations in registration were still present. Further, the ERCTP rolling registration process was limited in its success as heterogeneity in local implementation caused significant delays. Combined registration and cash distribution was successful and could be continued to maximize government human resources and minimize time and cost for beneficiaries. Implementation procedures should include Management Information Systems (MIS) so that child registry data can be digitalized for ease of registration and distribution for rapid implementation in times of disaster or economic stress.

Use identified successful modes of information dissemination at the local level to mobilize community networks to increase awareness of social protection mechanisms, promote availability and efficacy of complaint-reporting procedure and encourage positive behaviour change. Word of mouth, local officials and radio were the most successful means of information dissemination, while SMS had limited reach.

References

Central Bureau of Statistics (2011), *National Population and Housing Census 2011*
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The independent assessment was conducted by the Nepal Participatory Action Network (NEPAN) with additional technical assistance from UNICEF. Please go to www.nepan.org.np or contact tdhakal@unicef.org for a copy of the full report.