

## CRISIS PREPAREDNESS GAP ANALYSIS

# NEPAL POLICY BRIEF

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## COUNTRY CONTEXT

Nepal is highly vulnerable to natural hazards and pandemics, and at risk of food insecurity.<sup>1</sup> Each year, natural hazards such as floods, landslides and earthquakes claim many lives and cause major damage to property. The 2015 earthquake killed about 9,000 people, displaced over 2.6 million and caused economic losses amounting to one-third of the country's GDP.<sup>2</sup> The Jajarkot earthquake in November 2023 claimed over 155 lives and damaged over 90,000 homes. Food insecurity risks stem from structural vulnerabilities. 15 percent of the population lives on less than \$1.90 a day and about 17.4 percent of Nepal's population was multidimensionally poor in 2019.<sup>3</sup>

Nepal is a net-importer of staple foods and therefore highly vulnerable to regional and global price shocks. Nepal is also a hotspot for zoonotic diseases with epidemic potential, and the capacity of the health system to contain a potential outbreak is limited.

Climate change is bound to intensify the frequency and impacts of many of these crisis risks with immense implications for human health, agricultural production, and infrastructure.

## WHAT IS CRISIS PREPAREDNESS GAP ANALYSIS (CPGA)?

Not all crises can be prevented, and preparedness can help manage residual risk. Highly vulnerable countries like Nepal must prioritize investments in preparedness to minimize the losses. The **Crisis Preparedness Gap Analysis (CPGA)** helps guide such investments. The CPGA assesses a country's capacity to prepare for crises

including natural hazards, pandemics and food insecurity. It focuses on five key elements that are relevant across a broad range of crisis scenarios: i) legal and institutional foundations, ii) understanding and monitoring risks, iii) financial preparedness, iv) primary response, and v) social and livelihoods support.

<sup>1</sup> World Bank. 2022. "Nepal Country Climate and Development Report"

<sup>2</sup> National Planning Commission. 2015. "Post-Disaster Needs Assessment (PDNA) 2015"

<sup>3</sup> National Planning Commission. 2021. "Nepal Multidimensional Poverty Index."

# WHAT ARE THE CHALLENGES TO CRISIS PREPAREDNESS IN NEPAL?

Nepal can manage small, localized crises, but it is not prepared for large, multi-sector crises. Institutions concerned with crisis risks tend to have a sectoral outlook and emphasize crisis response over preparedness. No institution is effectively empowered to analyze risks and coordinate preparedness across sectors. Establishing crisis preparedness as a policy priority has the potential to markedly improve the government's ability to mitigate the effects of crises.

**Legal and policy frameworks for crisis preparedness are strong but the National Disaster Risk Reduction and Management Authority (NDRRMA) established in 2019 to lead cross-sectoral preparedness and response is still nascent.** It is not sufficiently equipped with staff and financial resources to fulfill its substantive mandates. Overlapping roles and responsibilities of different agencies limit its autonomy and ability to convene stakeholders working on natural hazards, pandemics, and food insecurity. Its roles duplicate those of the Ministry of Home Affairs on natural hazards, and it has no presence in the fields of pandemics and food insecurity. As a result, crises continue to be addressed by ad-hoc bodies, which leads to delays and inefficiencies. Local governments (LGs), which play a key role in preparedness and crisis response, generally lack the staffing, capacity and resources to meaningfully engage in preparedness activities.

**Early Warning Systems (EWS) are relatively strong for some of the key hazards, including flood and health risks. However, a multi-hazard EWS to cover other hazards such as landslides, lightning, forest fires, and earthquakes is yet to be established.** Key agencies such as the Department of Hydrology and Meteorology lack adequate staff and capacity to generate and communicate actionable advisory. Planned improvements include the integration of different EWS into one multi-hazard system and institutionalization of impact-based forecasting, which uses historical impact data and probabilistic models to develop timely, actionable advice.

**Health risk monitoring has a functional reporting system,** but it has weak points when it comes to monitoring zoonotic risks. The One Health approach, which adopts an integrated approach to the health of people, animals and the environment, is still nascent. Such an approach is particularly important to prevent, predict, detect and respond to pandemics.

**The government has limited risk financing mechanisms to finance crisis response, reconstruction and recovery.** Key preparedness institutions and activities are not adequately financed and, where funding is available, procurement and spending are often slow. Within its fiscal constraints, the government is trying to put in place a risk layered approach to financial preparedness, outlined in the National Disaster Risk Financing Strategy (2020). So far, the government has established Disaster Management Funds with resources to cover less severe, localized crises, and has access to a contingent World Bank financing instrument (CatDDO) that can be accessed in case of disasters or health emergencies. The potential to develop tailored insurance instruments is hampered by limited risk information and absence of a consolidated inventory of assets and critical infrastructure. Contingency planning for critical infrastructure, which is essential for continuity of critical services during crises, is also limited.

**Strong social protection systems can help deliver relief and recovery more efficiently to help protect development gains.** Nepal has a large portfolio of social protection programs which cover about a third of the population, but most programs are not designed to promote household resilience or to be scalable in response to crises. Disaster relief and recovery is often slow, inefficient, particularly as it fails to mobilize existing social protection programs and systems.

**In addition, disaster relief and recovery do not account for impact to livelihoods and little attention is paid to recovery of livelihoods after disasters.** NDRRMA is leading the drafting of shock-responsive social protection (SRSP) guidelines which will enable the mobilization of existing programs for more efficient and inclusive delivery of relief and recovery and address the impact on livelihoods. The government has also initiated the establishment of an integrated social registry (ISR), an integrated database of households, to enable swift identification of the affected and vulnerable households.

**Finally, both chronic food insecurity and the risk of acute food insecurity in the wake of other crises are high.** Food security monitoring was disrupted during federal restructuring, and monitoring entities at the local level do not yet have staff and processes in place to resume it. Preparedness measures by different ministries and agencies tend to focus on food stockpiling and subsidizing inputs to boost production, but neither is systematically based on risk analyses.

# WHAT CAN BE DONE?

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The CPGA recommends the following to strengthen crisis preparedness in Nepal. The recommendations are aligned to the Green, Resilient and Inclusive Development (GRID) agenda that the GoN has adopted.

## LEGAL AND INSTITUTIONAL FOUNDATIONS

- 1 Strengthen the NDRRMA's role and institutional capacity through more dialogue, resources, and autonomy** to enable it to
  - Coordinate preparedness across crises including natural hazards, pandemics, and food insecurity, and
  - Support local level capacity building for key preparedness activities and engagement with communities.
- 2 Clarify responsibilities of government agencies** working on preparedness and response at different levels of government, including by
  - Establishing standard operating procedures (SOPs) for communication during crises.
  - Consolidating the chain of command and communication between the national emergency operating center (NEOC) and EOCs at the district and local levels, and between the NEOC and Health EOC.

## UNDERSTANDING RISKS

- 3 Strengthen weather, climate and water services by**
  - Institutionalizing impact-based forecasting, possibly via the hydromet policy and law.
  - Expanding the network of hydromet monitoring stations and ensuring adequate resources for their maintenance.
  - Strengthening institutional collaboration by establishing intersectoral forums to produce tailored, actionable weather advisories and by developing interoperability across existing EWSs, including those in Health.
- 4 Support the development of an inclusive multi-hazard EWS, including by**
  - Supporting to NDRRMA to conduct a periodic MHRA.
  - Investing to expand the natural hazards monitoring to include landslide and lightning.
  - Enhancing sectoral capacities for monitoring risks in select sectors such as agriculture and hydro power.
  - Strengthening of monitoring of food insecurity through operationalizing food-security information centers at the local level.
  - Strengthening communication of early warnings to the public.

## FINANCIAL PREPAREDNESS

- 5 Invest further in national Disaster Risk Financing catastrophe-risk models as a core element of risk management by**
  - Expanding catastrophe-risk modeling to cover other hazards such as floods (this has already been initiated with World Bank support).
  - Considering sovereign earthquake-risk insurance based on risk modeling and insurance for public assets at high risk.
  - Developing earthquake-and flood-insurance products for households; they could be subsidized for low- and medium-income households.
- 6 Promote development of domestic market for agricultural insurance by**
  - Developing hybrid agri-insurance products with a combination of indemnity-based and index-based coverage that account for risks more effectively.
  - Expediting decentralization of administration of agri-insurance from Ministry of Agriculture and Livestock Development to the local level.
- 7 Streamline** Local Governments' access to federal disaster management (DM) funds by simplifying the procedures in the federal DM fund's operating guidelines.



## PRIMARY RESPONSE

- 8** Strengthen the surveillance system and data sharing for effective public health decision-making, including decisions regarding health-sector preparedness and response by
- Expanding coverage of sentinel sites and ensure they are operational.
  - Adding event-based surveillance and risk-based surveillance for both human and animal health to establish an integrated surveillance system.
  - Conducting advanced analysis of disease surveillance and epidemiological modeling.
- 9** Operationalize the One Health approach in order to strengthen health security by
- Enhancing monitoring of plant, animal, and human diseases at all 14 cross-border entry points to monitor and mitigate health crises, and
  - Strengthening the One Health secretariat's ability to coordinate, and share information across, the three key ministries, and expanding its technical committee to include the NDRRMA.
- 10** Establish a consolidated inventory of critical infrastructure, including digital infrastructure, and
- Ensure provisions for periodic audit and maintenance to safeguard critical infrastructure.
  - Ensure provision of contingency plans (with associated risk financing strategy) to ensure business continuity in the event of a crisis.

## SOCIAL AND LIVELIHOOD SUPPORT

- 11** Institutionalize SRSP by approving SRSP guidelines to enable the use of existing SP systems and programs for more efficient and inclusive delivery of relief and recovery, and
- Ensure that the SRSP guidelines emphasize impact of shocks on livelihoods and the provisions to help households recover their livelihoods after disasters.
  - Amend program guidelines of key SP programs—SSA and PMEP—to align with the SRSP guidelines and enable them to respond to shocks.
  - Ensure sustained investment in the ISR required to implement SRSP and help achieve efficiency gains, which will enable assisting a larger share of the poor and the vulnerable.
- 12** Invest in building local level communal storage facilities for seeds and grains to promote food security.



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