



RESEARCH PROJECT – LIVELIHOODS AND CASH INTERVENTIONS  
IN THE NRCS/BRC EARTHQUAKE RECOVERY PROGRAMME,  
KATHMANDU VALLEY, NEPAL

Executive Summary

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## Executive Summary

In spring 2015, Nepal was struck by two strong earthquakes, which damaged housing and livelihoods of over 1.1 million families.<sup>1</sup> 10% of the overall humanitarian response was cash assistance;<sup>2</sup> the British Red Cross (BRC) supported the Nepal Red Cross Society (NRCS) for a recovery programme in the Kathmandu Valley, which included a livelihood component<sup>3</sup> aiming to restore, strengthen and improve food security and income generation. **This report assesses the livelihood activities and modalities (service delivery and cash transfers) delivered through this recovery programme, with the purpose of identifying best practices to inform future programming.**

The Conditional Cash Grants (CCG) of 20,000 NPR<sup>4</sup> contributed to restoring households' income to pre-earthquake standards by establishing or expanding income generating activities (agriculture, livestock and small businesses). Without the grant, the majority of Focus Group Discussions (FGDs) participants would have resorted to further negative coping strategies and would have reportedly not been able to restore their livelihood with the same success. Recipients also benefited from a **one-day training which both strengthened participants' ties with the relevant district offices, and taught them new techniques** in agriculture, livestock and small business management. The combination of modalities (cash and service provision) made the CCG intervention more effective.

63% of households (n =900)<sup>5</sup> who benefitted from the two instalments reported that their monthly income either reached or exceeded pre-earthquake levels. With 94% of recipients reported having more than one income-generating activity, this positive outcome cannot be solely attributed to the CCGs; although all FGD participants attested to the vital role NRCS's intervention played in restoring the livelihoods of recipients. For the remaining 37%, their monthly income at the time of data collection was reported lower than the pre-earthquake level.<sup>6</sup> This figure should however be considered with caution for two reasons: first, data on the seasonal variations of the monthly income was not available when the research was conducted and was thus not factored in the calculation, second a significant number of recipients were implementing the activity at the time of data collection.

Indeed, the first instalment was disbursed from December 2016 to December 2018. 52% of cash disbursement were distributed in the second semester of 2017,<sup>7</sup> more than two years after the earthquake, due to a change in eligibility criteria,<sup>8</sup> although delays were not modality-specific. **The implementation of the CCG took place later than initially planned, which has delayed the recovery**

<sup>1</sup> Anna Dobbai and Kafle Shesh Kanta, 'Mid Term Review of Nepal Earthquake Recovery Operation', 2017.

<sup>2</sup> Gerard Ferrie and Basant Raj Gautam, 'Cash Preparedness in Nepal - Lessons from the 2015 Earthquake', March 2017.

<sup>3</sup> This recovery programme followed the Red Cross Movement's (RCM's) One Movement Recovery Plan and NRCS's 4+1 approach to intervening in the sectors of shelter, health, WASH, livelihood and institutional capacity building (ICB).

<sup>4</sup> Two instalments of 10,000 NPR. The second instalment was conditioned by the attendance to a technical training and by the ability to demonstrated that the first instalment was spent according to the agreed activity plan.

<sup>5</sup> 55% of household reported that their income exceeded pre-earthquake level. 8% reported that their current income reached pre-earthquake levels. The data is based on the PDM collected at the time of the data collection. Further data collection was scheduled to take place in 2019. Indeed, the first PDM was conducted 10,068 households out of 13,570.

<sup>6</sup> Comparison of Nepal Red Cross Society, 'Livelihood Baseline Cleaned and Coded', September 2018. and Nepal Red Cross Society, 'CCG Post Distribution Monitoring Data Cleaned', November 2018.

<sup>7</sup> The research team had access to the monitoring data for 10,068 households out of 13,570 when calculating the percentage. With the total caseload, the percentage would have likely been lower.

<sup>8</sup> The eligibility criteria changed from the red card (card provided by the government to all household impacted by the earthquake to a vulnerability-based targeting.

**of recipients.** In some communities, recipients had just completed the scheme and could not assess its effectiveness. At the time this research was conducted, it was not possible to fully ascertain the overall effectiveness of this activity.

Half of the FGD participants reported that the CCGs were sufficient to restore their livelihoods, while half said it was insufficient; **79% reported that the cash was not equal to the amount needed to be invested** and that they used their own money or borrowed money to complement CCG. It is important to recognise that it would be impossible to provide a grant amount that is appropriate for all types of business, hence **NRCS' approach to set a grant amount that was sufficient on its own to start a business or to act as collateral to borrow money from financial service providers.** However, for some of the most vulnerable households, CCGs may have been more effective with a top-up basic needs grant or with a different conditionality.<sup>9</sup> High inflation costs (8% yearly average) and foodstuff price increase may have negatively impacted purchasing power of the CCG recipients.

NRCS also provided **cash grants for vocational training for 685 beneficiaries, who reported being satisfied with the targeting criteria and quality of training.** Trainees who secured a job reported significant income increases, although the programme did not necessarily guarantee employment, only employability. The Cash for Work component sought to rehabilitate community infrastructure and increase vulnerable households' income. **Beneficiaries were satisfied with the scheme because it did not compete with other income generating activities and were happy with rehabilitation done** on agricultural irrigation canals. NRCS supported training of 86 cooperatives on three themes (cooperative management, financial management and entrepreneurship course) with the objective to improve CCGs recipients' access to credit. **While training participants reported cooperatives are now better managed,** with new tools and processes being implemented, there is **little evidence to demonstrate how this support actually strengthened the cooperatives** and as a result strengthened recipients' financial inclusion.

NRCS/BRC mainly relied on **existing secondary data<sup>10</sup> to conduct a rapid informal cash feasibility study, although there is no document that gathers all the various cash feasibility criteria.<sup>11</sup>** A lack of organisation procedures and guidance did not impede the choice of assistance modality<sup>12</sup> and programme design<sup>13</sup> as NRCS consulted with both the IFRC<sup>14</sup> and experts on combining assistance modalities. It is difficult to determine when the decision was made to combine cash and service delivery as this process was not systematically documented. The majority of interviewees felt that the emergency response prepared NRCS for Cash-Based Assistance (CBA) implementation during the recovery phase; access constraints made CBA a more appropriate modality.

**Due to strong programme design, the choice and combination of modalities, design and implementation positively affected the livelihood activities' effectiveness.** There was no evidence of

<sup>9</sup> The disbursement of the second instalment was conditioned by purchasing with the first instalment the inputs listed in the recipient's business plan. Government of Nepal, 'Nepal Earthquake 2015 Post Disaster Recovery Framework 2016-2020', May 2016.

<sup>10</sup> For instance, after the emergency phase wherein NRCS distributed NPR 15,000 per household to 40,000 households, NRCS conducted a post-distribution monitoring. The latter revealed that the majority of recipients preferred cash assistance over in-kind assistance.

<sup>11</sup> The cash feasibility criteria include among other community acceptance, political acceptance, market functionality, the availability of finance service provider, the operational capacity.

<sup>12</sup> It is worth mentioning that the choice of assistance modality was heavily influence by the choice of the Government of Nepal to opt for cash assistance.

<sup>13</sup> Given the choice of modalities, the design decision includes the condition (or lack thereof), the restriction (or lack thereof), the choice of delivery mechanism, and the assumptions justifying these choices.

<sup>14</sup> International Federation of Red Cross and Red Crescent Societies



certain communities being targeted or excluded as a result of the choice of modality, although some of the most vulnerable households were not always included, and targeting was found to be tedious. **Opting for cash assistance maximised programme coverage** as the budget allowed for more beneficiaries than if in-kind assistance were used thanks to procurement-associated savings. Low transactional costs and modality changes for the vocational training programme also allowed more beneficiaries to be included.

NRCS selected pre-determined banks for each district, focusing on commercial banks and relying on existing government regulatory frameworks for guarantees. Most CCG and vocational training respondents were satisfied with the process of opening a bank account and NRCS reportedly supported recipients in opening accounts when needed.

**The administrative processes to manage the modalities were appropriate and NRCS's district chapters followed it sufficiently, regardless of modality.** The monitoring system was appropriately designed to track the CBA modality, although it was found to be resource-intensive and focused on quantitative inputs rather than the quality of beneficiaries' activity plans; **monitoring activity mostly served for process monitoring rather than outcome monitoring.** NRCS volunteers visited households to ensure CCG spending occurred as planned. As for the vocational training, NRCS checked trainees' attendance and certificate<sup>15</sup> to determine the second instalment payment. The lack of market monitoring<sup>16</sup> presented a missed opportunity to determine whether the modality, transfer value and/or frequency remained appropriate and effective over the programme's course, and to monitor beneficiaries' ability to sell goods on markets, which is a project outcome

NRCS gained organisational experience implementing CBA. While BRC deployed CBA and livelihood experts, which reportedly yielded positive capacity building results, **acquiring this knowledge took significant time.** **Programme design and modalities were appropriately adjusted based on the monitoring data and beneficiary feedback;** cash volume allotted to each activity was flexible and changed based on the needs. NRCS gained significant capacity and developed processes and policies, which will undeniably be of use for future CBA response in country.

This report proposes a number of recommendations to build on this programme's success. The authors recommend that BRC/NRCS document the decision-making process and design assumptions. BRC/NRCS should take advantage of the systems and processes developed for the earthquake response to further improve CTP preparedness, in addition to organising a lessons-learned workshop. The research team also recommend that information on the seasonal variation of income be collected. Awarding a small additional grant to most vulnerable households should be considered, while vocational trainees should be supported in looking for jobs. Stronger data management practices when designing the monitoring data collection tools, a greater emphasis on outcome monitoring and formalising market monitoring are also recommended.

<sup>15</sup> When the trainees completed the vocational training, they obtained a certificate from the vocational training institute.

<sup>16</sup> NRCS did not conduct its own market monitoring. NRCS used WFP Quarterly Market Watch, which track inflation and certain food commodities. As a result, could not assess whether the grant value remained sufficient to cover minimum inputs needed/

