



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

Final report

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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 of recipients.** In some communities, recipients had just completed the scheme and could not assess

<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.

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 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

<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



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/

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## Tables of acronym

BRC	British Red Cross
CaLP	The Cash Learning Partnership
CBA	Cash Based Assistance
CCG	Conditional Cash Grant
CEA	Community Engagement and Accountability
CFW	Cash for Work
CHS	Core Humanitarian Standard
CTP	Cash Transfer Programming
ERO	Earthquake Recovery Operation
FGD	Focus Group Discussion
FSP	Financial Service Providers
GDPR	General Data Protection Regulation
GESI	Gender and Social Inclusion
GoN	Government of Nepal
HH	Household
ICB	Institutional Capacity Building
IFRC	International Federation of Red Cross and Crescent Societies
INGO	International Non-Governmental Organisations
KII	Key Informant Interviews
MEB	Minimum Expenditure Basket
MoU	Memorandum of Understanding
NRA	National Reconstruction Authority
NRCS	Nepal Red Cross Society
NGO	Non-Governmental Organisations
PNS	Partner National Society
PDM	Post Distribution Monitoring
PMER	Planning Monitoring Evaluation and Reporting
RCM	Red Cross Movement
ROA	Response Option Analysis
SOP	Standard Operating Procedures
SURE	Strengthening Urban Resilience and Engagement
ToR	Terms of Reference
VDC	Village Development Committee
WFP	World Food Programme

# I. Background and context

On 25 April and 12 May 2015, Nepal was struck by **large-scale earthquakes with magnitudes of 7.8 and 7.1 respectively**. The earthquakes caused severe destruction throughout the country,<sup>17</sup> damaging housing and livelihoods of more than 1.1 million families. This included 700,000 families being displaced, 600,000 houses were destroyed and a further 280,000 damaged, together with schools, health facilities, bridges and roads.<sup>18</sup> The worst effects were concentrated in 14 of the country's 75 districts.

**Cash assistance made up approximately 10% of the overall response to the earthquake by the international community.** Over 30 international Non-Governmental Organisations (NGOs) and United Nations (UN) Agencies delivered 24.5 million (USD). Also, the Government has distributed approximately 70 million (USD) (including both emergency response support and standard social assistance programming).<sup>19</sup>

After an immediate relief phase, **the British Red Cross (BRC) provided technical and financial support to the Nepal Red Cross Society (NRCS) to implement a recovery programme in the Kathmandu Valley (covering the districts of Bhaktapur, Lalitpur and Kathmandu).** One of the objectives of the programme is to “restore food security and income through rehabilitating livelihoods infrastructure, strengthen agricultural and livestock production and improving employment and opportunities for micro enterprises’ of vulnerable households in EQ affected communities.”<sup>20 21</sup>

This recovery programme followed the Red Cross Movement's (RCM's) One Movement Recovery Plan and NRCS's 4+1 approach to intervene in the sectors of shelter, health, WASH, livelihood and institutional capacity building (ICB). This large-scale, multi-sectoral response also included the cross-cutting elements of gender and social inclusion (GESI), risk reduction and Community Engagement and Accountability (CEA).

**The livelihoods intervention consisted of four activities and was implemented using cash assistance, service delivery or a combination of the two.** A summary of the livelihoods component of the programme is in the table below:

<sup>17</sup> With the new constitution, which came into effect on 20 September 2015, the number of districts increased from 75 to 77. The consultants kept 75 districts in the introduction in order to be consistent with the project documentation.

<sup>18</sup> Dobbai and Shesh Kanta, 'Mid Term Review of Nepal Earthquake Recovery Operation'.

<sup>19</sup> Ferrie and Raj Gautam, 'Cash Preparedness in Nepal - Lessons from the 2015 Earthquake'.

<sup>20</sup> Nepal Red Cross Society, 'Nepal Red Cross Society Livelihoods Programme - Technical Standards for Livelihoods Interventions', December 2015.

<sup>21</sup> This objective was aligned with the Government of Nepal's Strategic Objective 4 to « Develop and restore economic opportunities and livelihoods and re-establish productive sectors », <sup>21</sup> Government of Nepal, 'Nepal Earthquake 2015 Post Disaster Recovery Framework 2016-2020'.



Table 1: Livelihoods Activities Summary<sup>22</sup>

Activities	Modality	Completed as of 31/08/2018 <sup>23</sup>	Remaining to be completed
Restoration of livelihoods for 13,570 vulnerable households in agriculture, livestock, and small enterprises.	Restricted and Conditional <sup>24</sup> Cash grant Service delivery (training)	12,682	888
Vocational training for 800 youths.	Restricted and conditional <sup>25</sup> Cash Grant	685	115
Rehabilitation of 23 community infrastructures	Conditional Cash grant (Cash for Work)	17	6
385 cooperative members trained <sup>26</sup> on financial management and enterprises development for 86 cooperatives/women's groups	Service delivery (training)	385	0

The Conditional Cash Grants (CCGs) for livelihood restoration represented one of the first instances that NRCS used cash at large-scale in recovery work.<sup>27</sup> BRC played an essential role to ensure the successful completion of this activity, providing technical expertise from its in-country and HQ staff. Many of the lessons learned and good practices instilled from designing and implementing this intervention have been captured and directly influenced NRCS' Standard Operating Procedure for Cash Transfer Programming for Recovery (2017).<sup>28</sup>

Overall, humanitarian agencies have widely used cash transfers (alongside in-kind aid in mountainous and hard-to-reach areas) after the 2015 Nepal earthquakes. These transfers were often considered as an appropriate modality for the context, especially given the challenges with delivering in-kind assistance.<sup>29</sup> Yet, there are opportunities to explore further the effectiveness of the modalities and combination thereof that BRC & NRCS chose to meet livelihood outcomes.

Whereas most evaluations focus on programme outcomes, this research aims at unveiling the effectiveness of design-related decisions (e.g. transfer value, conditionality) and the extent to which those modalities were the best fit to cover the identified livelihood activities.

<sup>22</sup> British Red Cross, 'Kathmandu Valley - LLHs Update until November 2018', November 2018.

<sup>23</sup> The most recent data shared with the consultants for the desk review dated from August 31, 2018.

<sup>24</sup> The CCG are both restricted and conditional. Indeed, the first instalment is restricted because the recipients has to buy the inputs listed in his/her activity plan. The second instalment is conditioned to the attendance of the technical training.

<sup>25</sup> The second instalment is conditioned on getting a completion certificate from the training institute

<sup>26</sup> 400 people were initially planned and trained.

<sup>27</sup> Key Aid Consulting, 'Final Evaluation: Nepal Earthquake Recovery Programme', July 2018.

<sup>28</sup> To which BRC contributed.

<sup>29</sup> Barnaby Willitts-King and John Bryant, 'Scaling up Humanitarian Cash Transfers in Nepal' (ODI, January 2017).

The BRC has commissioned this study to conduct an in-depth assessment of the livelihood activities and modalities delivered through the recovery programme to identify any potential modifications that can improve future programming.

## II. Objectives and scope of the research

The purpose of this research was to assess the effectiveness of the livelihood intervention to understand how it contributed to restoring and strengthening earthquake-affected families' livelihood capacities.

Specifically, the research focused on the following objectives:

1. Assess the effectiveness of the livelihoods activities in terms of restoring and strengthening beneficiaries' livelihoods;
2. Determine how the choice of modalities influenced the effectiveness of the intervention;
3. Analyse the decision-making behind the choice of modalities and investigate how these modalities were managed.

These objectives are captured under one primary research question:

To what extent have livelihoods recovery strategies and modalities adopted by BRC helped restore and strengthen the livelihoods of households assisted post the 2015 earthquake in the Kathmandu Valley?

The terms coloured and underlined in purple are defined in Annex **Error! Reference source not found.** The study matrix for investigating this primary research question is presented in Annex **Error! Reference source not found.**

The review highlights key lessons, good practices, challenges and mitigation strategies that arise from the design and implementation phases of the cash-based assistance for livelihoods recovery in the Kathmandu Valley. The recommendations resulting from this research aim to inform future BRC and NRCS cash and livelihoods programming.

## III. Methodology summary

The below figure summarises the methodology and key limitations of this research. The methodology was based on a research protocol validated by BRC in October 2018.

The research team designed a **mixed-methods methodology, collecting primary qualitative data in Nepal and analysing secondary quantitative data**<sup>30</sup> (baseline, post-distribution, end-line). This study was a highly participatory process for which **363 people were consulted**. The following categories of informants were consulted: 328 beneficiaries, 15 Red Cross affiliated project implementers, nine service providers, eight committee representatives, two representatives from non-Red Cross humanitarian organisations and one government representative. The consultations took the form of Key Informant Interviews (KIIs), Focus Group Discussions (FGDs) and paired interviews. A detailed methodology is available in Section **Error! Reference source not found.**

<sup>30</sup> The secondary data included baseline, post-distribution and end-line data. For the end-line data, it only included the data corresponding to about 8,000 households out of 13,570 initially targeted

Figure 1: Summary of methodology

Inception phase & desk review	Inception report	Desk review
	Develop research protocol and data collection tools BRC workshop on October 9 <sup>th</sup> 2018	Comprehensive and structured review of 82 documents (project information and relevant external documentation)
Data collection	KIIs	FGDs and paired interviews
	15 Red Cross affiliated project implementers 9 service providers 8 committee representatives 2 representatives from non-Red Cross humanitarian organisations 1 government representative	219 CCG beneficiaries 36 VTR beneficiaries 80 CFW beneficiaries 22 cooperative beneficiaries
	Total of 363 people consulted: 328 beneficiaries and 35 key informants	
Final report	Qualitative data coding and analysis Quantitative data analysis of baseline, PDM, and other monitoring data	First draft: 30 <sup>th</sup> November 2018. Second draft: 11 <sup>th</sup> January 2019.
Limitations	The research may not be representative of all types of settings (rural, semi-urban, urban)	Activities were still ongoing at the time of the data collection, which made it difficult to fully assess the effectiveness of activities with recipients
		The end-line analysis and overall assessment of the effectiveness could not be included in this piece of research. It will be included in the final evaluation planned for the programme

## IV. Findings

### IV.1. The effectiveness of the livelihood strategy in restoring and strengthening the livelihoods of recipients

#### IV.1.1. The Conditional Cash Grants

BRC and NRCS conducted a livelihood assessment in April 2016<sup>31</sup> in the Kathmandu Valley, which highlighted that the monthly average household income was 25% less than pre-earthquake levels. This assessment also noted the marked effect the earthquake had on households that were barely above the poverty line before the earthquake: in some rural areas, this income was below the 11,340 (NPR) cost of the Minimum Expenditure Basket (MEB) calculated by the Humanitarian Cash Working Group.<sup>32</sup> These households resorted to a variety of negative coping strategies, including reducing the quantity and quality of food intake, taking out loans, and selling assets, such as livestock or land, or migrating. According to the assessment, the main barrier to restoring livelihoods was a lack of access to the inputs required to restart their businesses and thus their income.<sup>33</sup>

**The objective of the CCG was to restore vulnerable household's access to food and income by combining cash grants and technical support.** These households were allowed to spend their grants on restarting **agriculture, livestock or small-business activities**. The choice of the sector was usually based on the activity they were involved in before the earthquake, i.e. a livestock owner would resume rearing, but recipients were also allowed to diversify, i.e. a livestock owner could get a grant to grow and sell vegetables.

**The cash grant value was 20,000 (NPR). The grant was provided over two instalments of 10,000 (NPR) each.** To receive the second instalment, recipients had to demonstrate that they used the first transfer according to the activity plan<sup>34</sup> they submitted to NRCS, and that at least one household member attended the technical training. **In total, at the time the data collection for research took place, the programme targeted 13,570 households, all of whom benefitted from at least the first instalment. At least 12,680 of the CCG participants participated in the technical training, i.e. agriculture, livestock and enterprise development.**<sup>35</sup>

#### **The effectiveness of the CCG to restart livelihoods**

Data from the FGD, KII, and monitoring data corroborates the finding that the CCGs significantly contributed to improving targeted households' income and level of economy compared to post-earthquake levels. This finding is consistent regardless of the sector, (agriculture, livestock, small businesses), district, communities, gender and age of the recipients, and other vulnerability criteria such as being a woman-headed household.

<sup>31</sup> British Red Cross, 'Livelihoods Recovery Assessment Kathmandu Valley', April 2016.

<sup>32</sup> Nepal Red Cross Society, 'Guideline for Vocational Training- Version One'.

<sup>33</sup> Other factors such as the lack of access to farmlands, and skills for farmers, live-stock owners, and small shop owners were also other barriers to restoring livelihoods since the earthquake.

<sup>34</sup> When selected as recipients, beneficiaries developed an activity plan, which comprised of all inputs needed to launch their plan as well as their anticipated profits. It is worth mentioning that the activity plan was referred to before January 2017 as a business plan. NRCS/BRC changed the term because they deemed that the activity plan was not sufficiently detailed to be called a business plan.

<sup>35</sup> British Red Cross, 'Kathmandu Valley - LLHs Update till November 2018'.

The FGD yielded numerous examples of households setting up or expanding income generating activities as a result of the CCGs. While some households waited for the grants to resume their pre-earthquake activities, others restarted on their own before getting the grant. The households that restarted before receiving the grant used it to boost their activities and expand. According to NRCS' Post-Distribution Monitoring (PDM) data, 82% (n=900)<sup>36</sup> reported an increase in monthly income since benefitting from the grant, with an average monthly income increase of 146%. However, 6% mentioned that their income did not change after benefitting from the scheme and 12% reporting a loss of income since receiving the grant.

NRCS' monitoring tool did not include follow-up questions, which could have enabled the research team to understand the reasons why the monthly income dropped since receiving the grant.<sup>37</sup> However, 96% (n = 904)<sup>38</sup> of recipients reported that the situation of their business improved since receiving the grant.<sup>39</sup> During FGDs, agriculture and livestock owners reported selling from 30% to 70%<sup>40</sup> of their production through local markets, consuming the remainder at home. Without the grant, the majority of participants mentioned that they would have resorted to further negative coping strategies. The most frequently cited coping strategy was to borrow more money, either from friends, families, cooperatives, or wholesalers.<sup>41</sup> A significant number of male participants mentioned that, without the grant, they would have had to go and work abroad. Therefore, the most likely reason for this reduction of income is seasonality: the baseline and PDM data for the same recipients were collected in different seasons,<sup>42</sup> which means that income varied and are not comparable.

### The effectiveness to restore livelihoods to pre-earthquake level

The effectiveness of the CCGs to restore household's economy levels to a pre-earthquake standard, appeared to be successful at the time of data collection, although the research team did not have sufficient data at hand to fully ascertain the situation for the whole 13,570 households targeted by the activity.<sup>43</sup>

Picture 1: Small business CCG recipient



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<sup>36</sup> The percentage was calculated comparing the baseline income data, after the earthquake, and the PDM income data for 900 respondents out of 904, by linking via their citizenship number and family name. For the remaining 4 respondents, BRC and the research team was not able to link them and therefore did not include them in the calculation.

<sup>37</sup> Although the FGDs did not point out to specific explanation, one potential explanation could be that the households temporarily stopped income-generating activities, e.g. daily labour, to dedicate time to the CCGs.

<sup>38</sup> In July 2018, NRCS conducted a baseline survey, randomly sampling 904 recipients in Bhaktapur, Kathmandu and Lalitpur districts.

<sup>39</sup> Nepal Red Cross Society, 'CCG Post Distribution Monitoring Data Cleaned'. The sample size for the baseline is n=904.

<sup>40</sup> During FGDs, a vast majority of participants reported selling a percentage between 30% and 70% of their production. The two factors accounting for this percentage were the diversity of the business plan, size of the household (i.e. self-consumption).

<sup>41</sup> Participants also mentioned other coping strategies, such as eating less meals per day and selling assets.

<sup>42</sup> NRCS collected the PDM data in July 2018, whereas the baseline data was collected on an ongoing basis, as soon as recipients were added to the beneficiary list.

<sup>43</sup> Despite all the data at hand, the research team could not determine with full confidence the effectiveness of the CCGs. Indeed, the research team did not have access to the baseline data for 5,570 beneficiaries out 13,750. Furthermore, as



Firstly, 63% of households (n =900)<sup>44</sup> who benefitted from the two instalments reported that their level of income either reached or exceeded pre-earthquake levels. The rise in income being attributed to CCGs. These percentages are consistent with the FGD findings, about half of participants reported earning incomes within the same range, or higher, to what they made prior the earthquakes.

All FGD participants attested to the vital role NRCS's intervention played in restoring the livelihoods of recipients. The utility of NRCS' intervention is supported further by the willingness of the recipients to reinvest the income from the grant into the same activity. However, with 94% (n = 900) of recipients reported having more than one income-generating activity, the restoration of livelihoods is not solely attributable to CCGs.

On the other hand, for the remaining 37%, their income at the time of data collection was reportedly lower than the pre-earthquake level.<sup>45</sup> The only variable that seemed to correlate with lower income was the respondent's districts.<sup>46</sup> Furthermore, 41% of recipients in Kathmandu District reported that their income did not reach pre-earthquake levels, while comparatively only 21% for Bhaktapur and Lalitpur reported a similar outcome. However, as mentioned earlier, the seasonality of the income, which had not been factored into the data collection, may have had a stronger incidence in Kathmandu district. Therefore, while this trend is definitely worth investigating, one should consider this correlation with caution.

#### Timeliness of the assistance

The main factor for why the research team could not determine with full confidence the extent to which the CCG was effective in restoring the livelihoods of recipients, is because a significant proportion of FGDs participants had received their second instalments less than three months before this research took place. Therefore, they deemed that it was too early for them to assess whether the scheme was successful in restoring their livelihoods.

In fact, the main point of improvement that FGD participants had about the CCG activity may have been the timeliness of the assistance. As shown in the graph below, the first instalments were distributed up to 2.5 years after the earthquake.

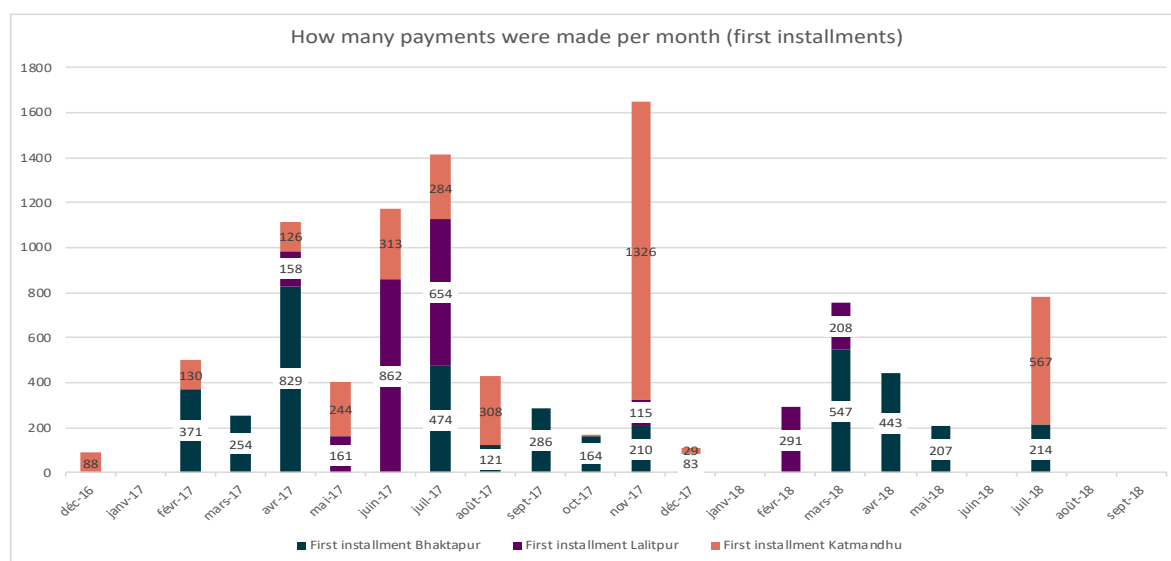
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detailed in the report, the baseline data was collected at different moment and did not include questions about the seasonality of income. As for FGDs, the data suggests that the beneficiaries found the activities effective. Yet, a significant number of participants also felt it was too early to know.

<sup>44</sup> 55% of household reported that their income exceeded pre-earthquake level. 8% reported that their current income reached pre-earthquake levels.

<sup>45</sup> Comparison of Nepal Red Cross Society, 'Livelihood Baseline Cleaned and Coded'. and Nepal Red Cross Society, 'CCG Post Distribution Monitoring Data Cleaned'.

<sup>46</sup> Other variables such as the sector (agriculture, livestock, small businesses), or gender have seemingly no effect on the level of income

Figure 2: Break-down of instalments per month <sup>47</sup>

The vast majority of all FGD participants agreed that the assistance would have been more effective 12-18 months after the earthquake.

**One of the major delays was the targeting of beneficiaries.** The main reason for this delay was the change in the eligibility criteria: NRCS moved from selecting red card holders<sup>48</sup> exclusively to selecting the most vulnerable, who did not necessarily have a red card. This change was reportedly challenging to implement because it took time to adjust internal procedures and required intensive communication with the local government (Wards) during an election period and with some households, red card holders, that were excluded from the selection.

As a result, **in some communities, the targeting took up to 18 months** (8%, n=10,068, no data for 3,502 beneficiaries) from the start of the implementation<sup>49</sup> to distributing the first instalment. **About half of FGD participants of the households reported waiting for the grant to restart their activities.** The slow implementation of the grants distributed in 2018 have delayed the recovery process for these households. Some noted that while waiting, they had to resort to negative coping strategies, such as borrowing money to restart their activity and thus had to reimburse the capital and interest. While it is hard to assess the extent of this phenomenon,<sup>50</sup> the lack of a timely response was frequently mentioned in FGDs conducted as a point of improvement, which suggests it happened, with varying degrees, in the majority of communities.

Some of the FGD participants believed that certain sectors, i.e. agriculture and livestock, were more effective at restoring recipients' livelihoods. However, this belief appears to have been based on perception. None of the secondary data, particularly the PDM, confirmed the perception and the research team did not reach data saturation in order to draw a conclusion.<sup>51</sup>

<sup>47</sup> The graph was produced from NRCS's monitoring data. While there are 13,570 CCGs, the databases only record 10,148 cases

<sup>48</sup> Red Card are beneficiary identity card provided by the Government of Nepal to attest that people were severely affected by the earthquake.

<sup>49</sup> The implementation started in December 2016.

<sup>50</sup> The fact that this was mentioned in a lot of the FGD conducted could be due to a sampling bias, wherein NRCS included a more significant proportion of recipients who benefitted of the scheme later in the programme.

<sup>51</sup> The PDM data in fact reports that 17% of livestock recipients reported not having reached pre-earthquake level, as opposed to 7% for agriculture and 9% small businesses. However, these percentage contradicts data from the primary data collection. It is possible that this is due a sampling bias and this contradicts data from the primary data collection.

## Strengthening livelihoods

In addition to the cash grants, **participants also benefited from a one-day training** (from 10 am to 4 pm).<sup>52</sup> All FGD participants reported that the training played an important role in strengthening their livelihoods because it taught them new techniques and strengthened their existing knowledge. Participants regularly cited the following examples:

- For the agriculture training: Pest control management; pesticides that were available on the market; all season, seasonal and off seasonal vegetables; and crop diseases.
- For the livestock training: Feeding systems for birds and animals; shed management; and birthing systems.
- For the small businesses: Bookkeeping (day book, cash book, sales book, purchase and expense record, profit and loss statement and balance sheet); and marketing.

In addition to the increase in actual knowledge, **a significant number of participants noted that the training also strengthened the ties with the relevant district offices for livestock, agriculture, and small businesses.** Participants and trainers alike reported that some recipients were calling the representatives of each respective district office to ask them specific questions about issues they faced on a regular basis. This happened in particular with agriculture and livestock recipients, whose training was more technical than for small businesses.

Picture 2: Livestock CCG recipient



Livestock recipients credited the training with making them aware of the insurance scheme and government subsidy. The livestock participants cited the insurance scheme as a positive outcome of the programme, which they received through the programme when they purchased the livestock. Currently, the government subsidises 75% of the insurance premium, with the livestock owner only having to cover the remaining 25%. During the data collection for this research, there were two cases when livestock died, and insurance

claims were successfully processed, (at 90% of the animal valuation value).

On the other hand, trainees cited the duration of the training in relation to the number of participants as an area for further improvement. Participants felt that the training was not long enough to answer the questions of all participants. Similarly, some trainees reported that the training was too theoretical and not sufficiently practical.

Overall, it appears that the combination of modalities (cash and service provision) helped to make the CCG intervention more effective. The vast majority of Interviewed CCG participants<sup>53</sup> and programme stakeholders felt that each aspect provided an additional added value, whereas either modality on its own would not have been sufficient. For instance, **an unintended benefit of the CCG's restriction was that many beneficiaries reported that it was a great motivation tool, especially after the earthquake.** A significant number of FGD participants reported that they did not restart businesses on their own out of fear of a new disaster, and so the CCG helped give them the push they needed. As one beneficiary put it (quote translated from Nepali): *"We were hopeless and unsure about what to do and how after the earthquake. This project gave us hope and confidence that we*

<sup>52</sup> Dilip Thapa, 'Effectiveness of Technical Training of ERO/NRCS Beneficiaries in Kathmandu Valley (KV)', August 2018.

<sup>53</sup> In FGDs.

*can built ourselves up again*”. As well as this, the training, even if short, gave participants access to a wide range of new knowledge and techniques and initiated relationship with district officers. The appreciation of new knowledge and techniques was particularly reported among agriculture and livestock CCG recipients. The trainings attended were also considered to be effective as they were based on existing resources, promoted greater use of sometimes underutilised existing resources and improved ties with the government.

#### IV.1.2. Vocational training

The objective of the vocational training activity was to provide targeted youth with marketable technical skills to increase their employability and help them secure a job. It aimed to prevent such youths from having to resort to negative coping strategies, such as leaving Nepal to work abroad.<sup>54</sup>

NRCS provided a 20,000 (NPR) restricted cash grant in two equal instalments (10,000 NPR each). The two restrictions related to:

1. Where they could spend the cash to receive training. The training had to be a government-authorized institution that followed an **official 390-hour curricula**<sup>55</sup> and provided a recognised certificate.
2. Which subject they could study. The **list of subjects, based on an assessment**,<sup>56</sup> included: driving, electronics (mobile repair, solar panels installation, maintenance and repair), tailoring/knitting/embroidery, plumbing/electrician, auto/motor mechanic, wood carving, Montessori, and food processing/bakery.<sup>57 58</sup> Participants also received **a per diem of 250 (NPR) to pay for transportation and food for the duration of the course**. Obtaining this per diem was conditional on the participants’ attendance sheets.

This activity initially targeted 600 participants, but the number was subsequently increased to 800.<sup>59</sup> NRCS was able to increase the number of trainees when it changed the modality from service delivery to cash assistance, because it reduced unit cost per trainee.<sup>60</sup>

NRCS advertised this opportunity by posting public notices in targeted communities, inviting community members to apply. Albeit very similar to one another, selection criteria were specific to each subject, such as the example below:

<sup>54</sup> British Red Cross, ‘Livelihoods Recovery Assessment Kathmandu Valley’, April 2016.

<sup>55</sup> Nepal Red Cross Society, ‘Guideline for Vocational Training- Version One’, December 2018.

<sup>56</sup> British Red Cross, ‘Livelihoods Recovery Assessment Kathmandu Valley’, April 2016. This Assessment includes a labour market component looking at which subjects/trainings are the most demanded.

<sup>57</sup> Ibid.

<sup>58</sup> NRCS/BRC were also reportedly open to subject suggestion from trainees to consider other subjects, although this never materialised during the project lifetime.

<sup>59</sup> British Red Cross, ‘Kathmandu Valley - LLHs Update until November 2018’.

<sup>60</sup> For more information on this aspect, please refer to IV.3.1 Coverage and targeting

Figure 3: Criteria for Montessori applicants<sup>61</sup>

Criteria	Grading system
Education: + 2 pass	1
Age between 20-25 years	1
Female	1
Single mother	1
Person with disability	1
Experience in schools/ private tuition/coaching centre	1
Not employed in private/govt/NGO/full time business	1
Not a Red Cross Staff/volunteer/recovery team	1
Low- and medium-income group	1
Not CCG beneficiary of Red Cross	1
Full mark	10
Qualifying mark	6

As reported by several interviewees, the final stage was an interview with NRCS and the technical experts in order to be selected.

Regardless of the subject of the training, all interviewed community members be they trainees or their family members,<sup>62</sup> reported being satisfied with this activity. The most common reason was the quality of training, followed by who it targeted: about half of the participants praised the programme for targeting youth in need of vocational skills who were sometimes not in school. NRCS specifically aimed to select youth that were not in school (in the secondary education system) to avoid the risk of dropout as students may be tempted by the prospect of benefiting from the cash and training per diem. While the research team could not ascertain whether this was systematically considered in all district chapters or communities (as it was not fully captured in both the programme documentation or during the interviews), it found no cases of this unintended outcome occurring over the course of the programme.

**Trainees also praised the support NRCS provided in choosing a training institute.** NRCS visited the institutes for all subject areas during the selection process to create a list of approved locations, which helped participants identify potential options. Trainees were also free to select a different institute as long as it met NRCS' requirements. This system resulted in two positive effects for participants. First, while not all trainees chose a training institute NRCS pre-selected, the process helped them understand how to choose an institute on their own. Secondly, NRCS organised meetings with all trainees per subject in a given location to provide them with the list of relevant institutions. These meetings allowed the participants to meet each other and organise themselves to collectively choose a training institute. This ensured that the selected training location had a

Picture 3: A trainee (electricity) in a training institute



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<sup>61</sup> For each of the subject, NRCS devised specific criteria to include and select trainees. Source: Nepal Red Cross Society, 'Guideline for Vocational Training- Version One'.

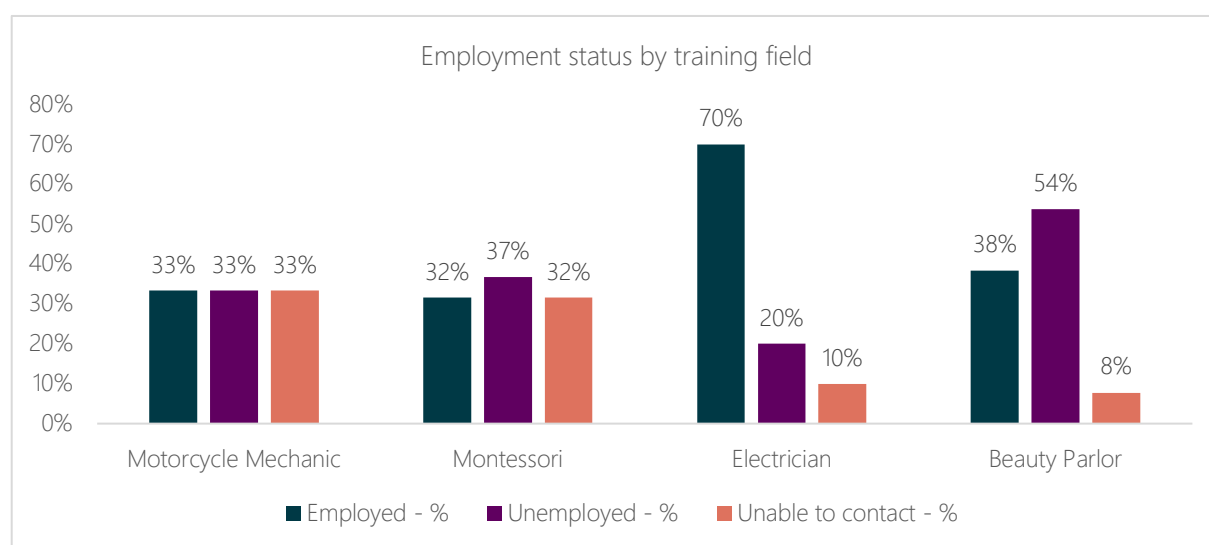
<sup>62</sup> Regardless of the activities they benefitted from, FGD participants were probed about the other activity of the livelihood portfolio. GCG recipients sometimes had a family member benefitting from the vocation training scheme.



sufficient number of people enrolled to hold the class. The trainees also sometimes organised the transportation to and from class together.

Despite the positive effects of the vocational training programme, the impact on the participants' employability appears to be mixed at the time this research was conducted. About half of all community members interviewed, be they trainees or their family members, thought it would be challenging for some trainees to find a job.<sup>63</sup> The main factor driving this perception appeared to be the topic trainees studied. For instance, FGD participants and NRCS field staff thought electrician and Montessori training would automatically lead to a job afterwards; while other trades such as bakery or beautician would prove more challenging without further support.<sup>64</sup> Preliminary data collected by the Kathmandu district chapters appears to back up this perception.

**Figure 4: Employment status for the first cohort in Kathmandu district in September 2018 (n= 51)<sup>65</sup>**



For Montessori, the graph appears to contradict the perception that it had high market-employability. However, this is due to the limited sample (n=10) and its timing: the training ended after the start of the school season (April). Trainees had to wait until the following year to secure a job. By the time of data collection, the majority of the interviewees had already secured a position for the next school year. Some training topics appear to have resulted in limited job creation. Beautician trainees, for instance, believed that the training they received was not sufficient and that they needed further advanced training to find a job or open a saloon. This belief appears consistent with the above graph.

The participants who did find a job reported a significant increase in income when compared to their previous occupation (daily labour or helping at the farm). For instance, a female trainee noted that her monthly income increased by 4,000 (NPR) after she secured a job post-training in Montessori.

These findings all relate to the first cohort of participants, since at the time of data collection for this report, the second cohort were still attending their training. As such, it was too early to assess the programme's effect on strengthening the livelihoods of the second group.

<sup>63</sup> At the time of writing, NRCS did not conduct a PDM with vocational training. As such, there was not systematic recording of the number of trainees who found a job.

<sup>64</sup> It's worth mentioning that according to BRC's job market report all subjects were in high demand. FGD perceptions appear to be different from the findings in the report. The research team could not establish why.

<sup>65</sup> This graph is based on a database provided by NRCS Kathmandu district chapter, following monitoring done on the first cohort in September 2018.

It is also important to highlight that in NRCS' livelihoods assessment of the Kathmandu Valley; it stressed the importance of "Linking Vocational Graduates and Employers"<sup>66</sup> because "not all technical/vocation training graduates will be able to start their own business or find employment immediately". At the time of the data collection, there was no evidence that this was done. However, NRCS was planning to organise job fairs to help trainees find jobs.

According to one training provider who covered beautician, bakery and mechanics for NRCS beneficiaries, without further on-the-job training, trainees were at less than a 50% employment rate in the first two-to-three months after graduating. While it is not possible to triangulate this percentage, the primary data corroborates a similar trend, at least for the specific subjects mentioned. Although the programme only aimed to increase the employability and did not guarantee employment, if this finding is confirmed at the end of the programme, then some trainees may not have "increased their access to food and income in target communities across the Kathmandu valley", as stated in the programme's objectives.

### IV.1.3. Cash for Work

According to the programme logical framework, Cash for Work (CFW) has dual objectives: one, it aims to rehabilitate community infrastructure, including irrigation canals that help support the agriculture CCG recipients. Secondly, it strives for "vulnerable households [to] increase income due to participation in cash for work activities." The activity is meant to complement recipients' other sources of income and not make participants choose between the CFW activities and other regular income-generating activities, such as daily labour.

**NRCS followed the Government of Nepal's (GoN) daily wage rate, which slightly varies from one district to another.** The daily wage for the CFW activities was roughly 500 (NPR) for unskilled labour and 800 (NPR) for skilled labour. NRCS planned to rehabilitate 23 community infrastructures and provide employment to 1,200 vulnerable people. The targeting was based on vulnerability criteria and on the fact that CFW participants were not supposed to also be CCG recipients.<sup>67</sup> In August 2018, based on community feedback, NRCS changed the targeting criteria to also include CCG beneficiaries in the CFW.<sup>68</sup>

**All CFW participants reported being satisfied with this scheme, because it did not compete with other activities and the daily wage allowed them to have cash in hand for daily expenses.** Without the CFW scheme, some participants mentioned that they would have had to take a loan from friends, relatives, or a cooperative to meet their daily needs (i.e. resort to a negative coping strategy).

<sup>66</sup> British Red Cross, 'Livelihoods Recovery Assessment Kathmandu Valley'. This assessment had the "its overall purpose to: determine the practicalities of the recovery programme (i.e. target groups and modalities of implementation), while ensuring strategies were still relevant and no priority needs had been overlooked".

<sup>67</sup> According to the Nepal Red Cross Society, 'Guideline Community Infrastructure Project', October 2017., the targeting criteria were as follows: A day labourer skilled and unskilled whose income source is primarily from daily wage, women headed households, No regular income, Non CCG beneficiary, No government/ permanent job, Household with disable people, People with minor disability who can contribute in the project in any way, and any other criteria as suggested by the community.

<sup>68</sup> The updated criteria: Updated criteria: A day labourer skilled and unskilled whose income source is primarily from daily wage, Women headed households, no regular income, No government/ permanent job, Household with disable people, People with minor disability who can contribute in the project in any way, Any other as suggested by community.

Picture 4: CFW scheme to rehabilitate a community path



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Participants' reactions were positive across the type of infrastructure the CFW scheme rehabilitated. In communities where the rehabilitation concerned irrigation canals used for agriculture, FGD participants thought the activities were usually effective to help restore their livelihoods because the increased access to water meant an increased yield, especially in vegetable cultivation. In communities where the CFW rehabilitated roads and pathways, participants thought the activity improved the daily life of the community as it ameliorated access constraints to schools and wards.

#### IV.1.4. Cooperatives

NCRS planned to support cooperatives to improve their management capacity.<sup>69</sup> As stated in the programme documents and confirmed by the FGD and PDM data,<sup>70</sup> a significant number of CCGs beneficiaries borrowed money from the cooperatives and/or paid a membership fee to access cheaper agriculture inputs. Therefore, the rationale to support cooperatives was also to strengthen the informal banking services that the community was using. Therefore, benefiting both CCG and non-CCG recipients.

NRCS' support was provided via a cooperative management, financial management and entrepreneurship course. Officers of the Cooperative Department of each district provided the three types of training. A total of 86 cooperatives were trained, as initially forecasted. This represents 385 trained participants across the three topics in the Kathmandu Valley.<sup>71</sup> Each training lasted 3-5 days, depending on the topic.<sup>72</sup>

All interviewees (cooperative members, trainers, and NRCS staff) agreed that the training was useful. The veracity of this finding should be considered with caution, as it could not be triangulated with pre/post-test data, as according to interviewees this did not take place. In regard to the finance training, a minority of participants found it to be more of a refresher because they already had knowledge of most of the content. However, the majority of interviewees considered the finance trainings to be extremely useful. For instance, participants mentioned that they learned that the GoN has a requirement to maintain five different account books.

As for the cooperative management and the entrepreneurship trainings, all interviewees reported finding them useful, in particular citing that it helped them understand how to manage and market the cooperative, and to develop a business plan. One cooperative noted that the entrepreneurship

<sup>69</sup> Nepal Red Cross Society, 'Earthquake Response Operation Logical Framework: Livelihood', December 2015.

<sup>70</sup> 28% of the recipients that invested on the top the grant took a loan from a cooperative. Nepal Red Cross Society, 'CCG Post Distribution Monitoring Data Cleaned'. N = 717.

<sup>71</sup> British Red Cross, 'Kathmandu Valley - LLHs Update till August 2018', August 2018.

<sup>72</sup> The Financial management training was five days, the enterprise development 3 days and the cooperative management 2 days.

training was primarily designed for rural and semi-rural context, and so was less relevant for the urban context.

The primary data collected during the field work highlighted that all cooperatives, to various degrees, strived to implement the trainings' content to improve their management. **All interviewees consistently pointed out that the cooperatives were better managed, with concrete and numerous examples of new tools being used and processes being both implemented and followed.** For instance, one FGD noted that since undergoing the financial management training eight months ago, the two cooperatives had set up processes for preparing vouchers (debit and credit), and set up the four accounting books (income, expense, liabilities and properties).

However, due to the lack of monitoring data on cooperatives (see Section IV.4.1), the full extent of the change, or lack thereof, could not be further documented.<sup>73</sup> Accordingly, at this stage of the programme, and without conducting a separate piece of research on the cooperative component, it is not possible to determine if and how supporting the cooperatives will influence restoring and strengthening the livelihoods of CCGs recipients.

The data shows that CCG recipients used the cooperatives on numerous occasions. Most FGDs participants reported taking loans, and cooperatives were cited as the main source of financing at the community level.<sup>74</sup> This was especially noted among livestock CCG recipients, who took loans either to complement the grant to buy cows or to buy more livestock. There were numerous examples provided during the FGDs, such as one woman borrowing 50,000 (NPR) from the cooperatives to purchase two cows.

As previously noted in Section IV.1.1, some participants mentioned having to take loans from cooperatives to either restart their activities or to meet their daily needs while waiting for CCGs to start. While this is an unintended effect of the programme, it undeniably demonstrates the importance of the cooperative system, showing, that it was appropriate for the programme to target them.

## IV.2. The programme decision making process

### IV.2.1. The criteria taken into consideration to choose the assistance modalities

#### Availability and usefulness of organisational procedures and guidance

At the time when decision makers chose to combine cash transfer and service delivery for livelihood activities, there was limited NRCS/BRC organisation<sup>75</sup> procedures and guidance to inform such a decision. The Nepal Red Cross Society Livelihoods Programme – Technical Standards for Livelihoods Interventions, which dates from December 2015, succinctly mentions two potential modalities: cash or in-kind assistance. Other programme documents also stipulated cash transfer as a suitable

<sup>73</sup> A total of seven FGDs and paired Interviewees were conducted with the cooperatives, covering 22 participants. While this number is sufficient to identify trends (cooperatives improving their management), it is not sufficient to reach data saturation.

<sup>74</sup> This is consistent with PDM data: 60% of recipients that borrowed money borrowed it from cooperatives.

<sup>75</sup> According to one interviewee, NRCS/BRC provided cash transfers during the 2014 flood response and developed a specific guidance then. According to one interviewee, this guidance was used during the 2015 emergency.

modality.<sup>76 77</sup> However, they do not provide further information on how the feasibility of cash for recovery livelihood activities should be assessed.

The 2015 Post Distribution Monitoring Report of the Nepal Earthquake Operation advised to urgently develop “Cash Transfer Programming (CTP) guidelines and SOPs for national society HQ and chapters to follow”<sup>78</sup> and to train staff on how to use them. The requested Guideline and Standard Operating Procedure (SOP) were developed in January, just before the first instalment of the NRCS/BRC recovery programme in February 2017. The primary aim of the SOP is to explain how to implement a CCG programme. The SOP also succinctly describes how to assess the feasibility of and design a CBA intervention. For instance, “While comparing 3 approaches; cash, voucher and in-kind, the following may be considered: Cost effectiveness, Market, Security, Level of risk; Acceptance of community and authorities, Adequate skillset at the organisational level to implement the programme, Financial institutions and services available in the target area, Speed and scale”.<sup>79</sup>

However, the research team does not consider the lack of organisational procedures and guidance to have been an impediment to the modality decision during the programme design phase. At the time of such a decision the International Federation of Red Cross and Crescent Societies (IFRC), via the various Partner National Societies (PNS), had brought in experts to assist NRCS with these tasks.

#### Adequate consideration of all main areas of cash feasibility

NRCS/BRC conducted a rapid and informal cash feasibility assessment, which was however not formally documented. The assessment covered all main areas of cash feasibility: community acceptance, political acceptance, market functionality, financial service providers, organisational acceptance and capacity and cost-effectiveness.

Given that a significant amount of information on beneficiary and political acceptance, market functionality, and Financial Service Providers (FSP) was already existent, NRCS/BRC mainly relied on existing secondary data/information. Furthermore, previous experience of implementing CBA during the emergency relief phase after the 2015 earthquakes helped to inform their judgement of the different feasibility criteria. NRCS/BRC only undertook primary data collection to fill in the information gaps, e.g. a labour market assessment.

Figure 5: Cash feasibility criteria data sources

	Community acceptance	Political acceptance	Market functionality	Financial service providers
Secondary data	- PDM data (emergency phase & cash and seeds distribution) -Cash Working group reports	- GoN’s policies (e.g. Government of Nepal, ‘Nepal Earthquake 2015 Post Disaster Recovery Framework 2016-2020’, May 2016. )	- PDM data (emergency phase & cash and seeds distribution) -Cash Working group reports	-GoN’s policies -FSP mapping carried out by NRCS
Primary data	FGDs with households as part of the livelihood assessment	Approval from ward members	Rapid Market Assessments <sup>80</sup>	Meeting with Banks

<sup>76</sup> Government of Nepal, ‘Nepal Earthquake 2015 Post Disaster Recovery Framework 2016-2020’.

<sup>77</sup> Nepal Red Cross Society, ‘Draft Recovery Framework’, June 2015.

<sup>78</sup> IFRC & NRCS, ‘Post Distribution Monitoring Report Nepal Earthquake Operation 2015’, November 2015.

<sup>79</sup> ERO, ‘Standard Operating Procedure for Cash Transfer Programming Recovery’, 2017.

<sup>80</sup> Nepal Red Cross Society, ‘Rapid Market Assessment (Kathmandu, Lalitpur and Bhaktapur Districts)’, November 2015.



NRCS/BRC also considered NRCS organisational capacity and acceptance and the cost effectiveness when assessing the feasibility of cash. Analysing data from the KIs and the desk review, the research team gathered into a table the key aspects considered by NRCS/BRC when assessing the feasibility of cash for the livelihood activities (please refer to annex **Error! Reference source not found.**).

Considering the extent of data available at the time of the decision,<sup>81</sup> this level of assessment was appropriate as it still allowed NRCS/BRC to adequately assess all main areas of CBA feasibility during the response design phase.

#### IV.2.2. The documentation of the decision-making process and outcomes

Given that NRCS/BRC's cash feasibility study was informal, there does not appear to be a document that gathers all the considerations of the various cash feasibility criteria. The decision that cash was feasible is already treated as a given in the Response Options Analysis (ROA) Workshop presentation and summary.<sup>82</sup>

Based on the (informal) cash feasibility assessment, NRCS and BRC designed their livelihood strategy, choosing to combine cash transfers and service delivery and took the following operational decisions:

**Table 2: Operational decisions**

	CCG	Vocational training	CFW	Cooperative
Modality	Restricted and conditional grant service delivery by district offices	Service delivery <sup>83</sup> by certified training institute <i>Then switch to:</i> Conditional grant	Conditional grant	Service delivery
Value	20,000 (NPR)	20,000 (NPR) study grant/ course fee + 16,230 (NPR) (food and transport allowance).	650 & 900/day (NPR) on average depending	N/A
Transfer frequency	2 instalments	2 instalments	2 instalments; every 10 days of work. 20 days of work max. <sup>84</sup>	N/A
Condition	Second instalment: having used the first instalment correctly (according to the	Second instalment: obtaining a certificate from the training institute	Instalments are conditional based on attendance sheets	N/A

<sup>81</sup> At the time of the decision-making, Nepal had an active cash working group

<sup>82</sup> ERO, 'ERO Livelihoods Assessment', n.d. and ERO, 'ERO Assessment Kathmandu Valley: Preliminary Livelihoods Analysis Presentation', n.d.

<sup>83</sup> When the Vocation training was initially designed, NRCS was supposed to choose the training provider for trainees. The modality was later changed because NRCS struggled to contract institutes that meets trainees' requirements

<sup>84</sup> Nepal Red Cross Society, 'Guideline Community Infrastructure Project'.

	MoU) and attended a training (from the agriculture, livestock or small business officer). <sup>85</sup>	Per diem: Attendance sheets	(community infrastructure)	
Restriction	First instalment: to buy inputs according to the MoU	Study grant to be spent at improved training institute		N/A

While all programme implementers reported that the entire decision-making process took time and occurred over several meetings<sup>86</sup>, the research identified only a few documents where discussions and ensuing hypotheses about modality design (restrictions and conditions), transfer value and transfer frequency were fully captured:

- The restrictions, conditions and transfer frequency were described in the SOPs.<sup>87 88 89</sup> NRCS opted for such a conditionality and restriction to ensure the grant would be spent by beneficiaries as planned in its activity planning. According to NRCS interviewees, it reduced the risk of recipients using the cash for unintended uses and allowed NRCS to have greater control over the programme.
- In November 2016, NRCS/BRC produced a detailed grant value analysis<sup>90</sup> for seven potential businesses<sup>91</sup> to assess whether the grant was sufficient to start a minimal activity.<sup>92</sup> The analysis listed and priced the minimum items needed to start the activity, i.e. the capital expenditure (e.g. two goats for goat farming) and the operating costs (maize, medicines, insurance, breeding costs, etc. for goats farming). It's worth mentioning that the document does not refer to the data source used for the unit price.

Figure 6: Example of input analysis undertaken by NRCS/BRC for setting up the grant

Plan (2 Goats)			
Capital Expenditure (A)			
Description	Number	Unit cost	Total
Cost of adult goat (7-8 months)	2	7 000	14 000
<b>Total</b>			<b>14 000</b>
Minimum external cost for first year (B)			
Description	Qty	Rate	Total
Maize for the one year	2	2 000	4 000
Medicine/Vitamins/Vaccination			650
Fodder/Forage for year			1 000
Breeding Cost	1	100	100
Insurance			250
			<b>6 000</b>
<b>Total cost of first year</b>			<b>20 000</b>

<sup>85</sup> It is unclear from the monitoring data whether this was truly a condition and/or fully enforced, see Section IV.1.1 for more information.

<sup>86</sup> Including a Response Option Analysis (ROA) workshop that took place on 26-27 April 2016 and a strategic workshop in Nagarkot in August 2016. Nepal Red Cross Society, 'Livelihood Planning Workshop', August 2016.

<sup>87</sup> ERO, 'Standard Operating Procedure for Cash Transfer Programming Recovery'.

<sup>88</sup> Nepal Red Cross Society, 'Guideline for Vocational Training- Version One'.

<sup>89</sup> Nepal Red Cross Society, 'Guideline Community Infrastructure Project'.

<sup>90</sup> British Red Cross, 'Grant Value Analysis', November 2016.

<sup>91</sup> Goat farming, cow farming, pig farming, poultry farming, vegetables farming, vegetable grocery sale, and tailoring

<sup>92</sup> Recipients were of course free to user/borrow money to increase the input and thus the potential return on investment.

Besides these documents, the project institutional memory lay with only a few individuals, such as the assumptions programme implementers used to design the programme (such as the fact that markets were functional and accessible). These assumptions were not captured, and thus the monitoring framework did not include indicators to check that these assumptions remained accurate throughout the programme.

Several technical staff, either conducting short-term deployments or arriving as replacements, reported looking for these types of documents, with difficulties. As this institutional memory lay with a few individuals and the information, especially about the design, is not systematically documented, some of it may be lost with the departure of international BRC staff due to the end of their contracts and the recovery staff turnover. During the time of this collection, this process had already started to take place with NRCS staff transferring from the Earthquake Recovery Operations (ERO) to the Strengthening Urban Resilience and Engagement (SURE) programme.

#### IV.2.3. The adequacy of the decision on the programme design given the location and the timing of the assistance

There is conflicting information about the timing of this decision, which renders it difficult to determine exactly when the decision was made to choose/to implement cash and Service Delivery. In the DEC proposal submitted in October 2015, BRC already planned cash as a modality. However, based on interviewees, the choice of conditions was done at a later stage of a project during the first semester of 2016. Despite the lack of documentation fully detailing the decisions around designing the programme and selecting modalities, these decisions appear to have been appropriate for the location, i.e. the Kathmandu valley, and timing of the assistance, i.e. from 2016 to 2018.

The Response Option Analysis (ROA) workshop in April 2016 made the choice of cash modalities official. **At that time, the data collected from secondary sources suggested that the choice was reasonable and that cash transfers would be feasible in the Kathmandu Valley.** One of the main considerations for using cash was the issue of access. Literature and KIs point to the fact that CBA was the most appropriate modality during the emergency phase. The decision to use CBA considered the logistic challenges of access, especially in mountainous areas.<sup>93 94</sup> Even in Kathmandu, which may appear as less challenging, there were communities in the outskirts of the valley that were difficult to reach. For areas where access was not a challenge, programme implementers still believed the modality brought added value, for the reasons outlined under cost effectiveness in **Error! Reference source not found.**

Lastly, even if the GoN and humanitarian agencies were not sufficiently prepared to respond rapidly to this disaster using humanitarian cash responses to their maximum potential,<sup>95</sup> the vast majority of interviewees felt that the emergency response prepared NRCS, as well as other implementers, for the CBA implementation during the recovery phase.

The appropriateness of the programme design, specifically modality decisions, is further supported by how the intervention's design positively influenced the effectiveness of its activities. This is detailed in the next section.

<sup>93</sup> David Sanderson and Ben Ramalingan, 'NEPAL EARTHQUAKE RESPONSE: Lessons for Operational Agencies', n.d.

<sup>94</sup> Ferrie and Raj Gautam, 'Cash Preparedness in Nepal - Lessons from the 2015 Earthquake'.

<sup>95</sup> Willitts-King and Bryant, 'Scaling up Humanitarian Cash Transfers in Nepal'.

## IV.3. The influence of the modality(ies) on the effectiveness of the livelihood activities

This section aims to assess if and how the choice and combination of modalities, their design and implementation affected the effectiveness of the livelihood activities.

### IV.3.1. Coverage and targeting

In terms of geographical targeting, the research team could find no evidence of certain communities being targeted, or excluded, as a result of the choice of the modality. The main criteria for targeting the Wards included; 1) the extent of the damage caused by the earthquake, 2) socio-economic vulnerability indicators 3) gaps in coverage from other organisation and 4) the pre-existence of BRC's operations.<sup>96</sup> However, access to the formal banks, or lack thereof, was not a factor that was considered, consciously or unconsciously, in the decision-making process.

The Final Evaluation<sup>97</sup> highlighted two targeting-related challenges for the CCGs:

1. The targeting was a tedious process with the difficult transition from status-based targeting to vulnerability-based targeting<sup>98</sup> and due to a significant number of complaints regarding inclusion that needed to be addressed before starting implementation.
2. The most vulnerable households who met the targeting criteria were not, as a result, systematically included, whereas less vulnerable households were included.<sup>99</sup>

The issues this recovery programme faced with targeting were not influenced by the selected modality. Rather, it was NRCS' lack of experience with using vulnerability-based targeting on such a large-scale (as opposed to blanket targeting), having to handle targeting for four separate livelihood activities.

The modalities however do appear to have impacted the programme's coverage, as both the use of CCGs and the approach to vocational training allowed to maximise the coverage of the programme.

For the same overall livelihoods budget, the programme was able to afford CCGs for more beneficiaries than they would have been able to if they were providing in-kind assistance. NRCS would not have been able to provide assistance in bulk considering the diversity of the activity plans and types of businesses and would not therefore have benefitted from the economies of scale. Thus, it is likely that NRCS would have paid similar or even higher prices than the beneficiaries, thus decreasing coverage. Furthermore, NRCS would have needed to increase its procurement staff in order to be able to deliver in-kind assistance.

The programme's coverage also benefitted from the fact that the transaction costs for the cash transfer were small, as the clearing charge for one bank transfer in Nepal is 30 (NPR) for every 200,000 (NPR). This allowed NRCS to include more beneficiaries by reallocating some of the budget for CFW to CCGs. The reallocation of budget would have been challenging with in-kind assistance because NRCS would have already awarded procurement contracts. This illustrates another

<sup>96</sup> Key Aid Consulting, 'Final Evaluation: Nepal Earthquake Recovery Programme', July 2018.

<sup>97</sup> Key Aid Consulting, 'Final Evaluation: Nepal Earthquake Recovery Programme', July 2018.

<sup>98</sup> Targeting transitioned from Red Card Holders to vulnerability-based targeting

<sup>99</sup> Due to a lack of clarity around the targeting criteria (and/or weighting of said criteria), resulting targeting errors included both the exclusion of some most vulnerable households, as well as inclusion of households that were not the most vulnerable.

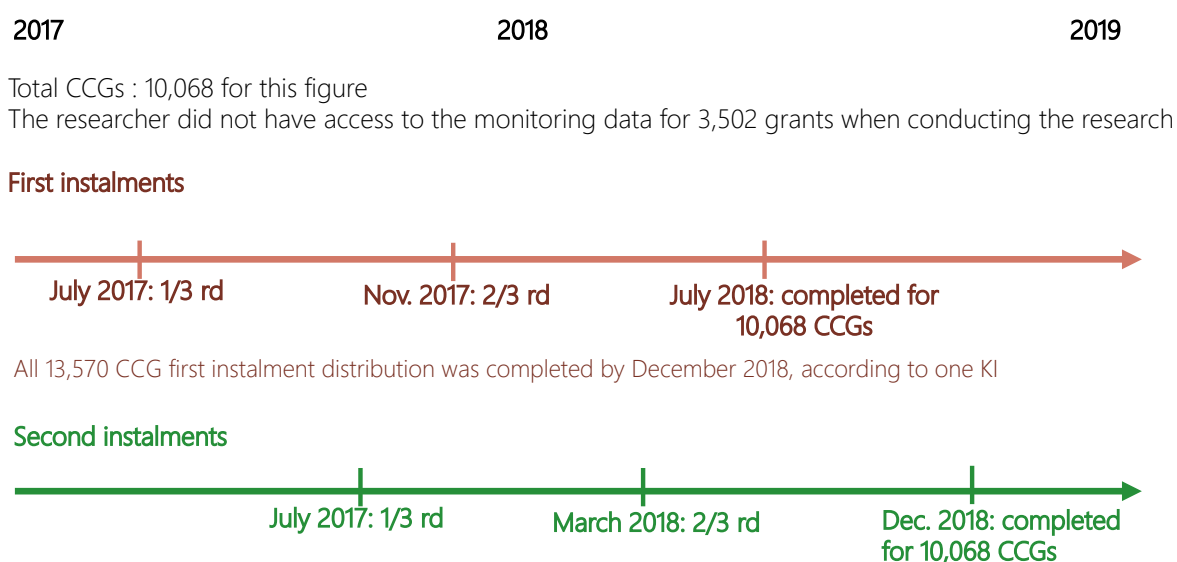
advantage over in-kind: given the significant logistical support in-kind requires and NRCS' procurement policies and procedures, implementers deemed that in-kind assistance would not have been as feasible to scale-up.

The vocational trainings provide an interesting insight into the modality's effect on coverage. NRCS initially meant to provide vocational training only as a service delivery by a contracted institution. NRCS initially budgeted a total cost of 62,000 NPR per trainee.<sup>100</sup> After launching a procurement process to select training providers, NRCS had to halt the process. The consulted trainees advocated for selecting training locations that were located near them to avoid losing significant time in transportation. NRCS' procurement systems are not reportedly designed to award a procurement contract to multiple service providers. Furthermore, trainees preferred to choose the training institutions mainly to reduce travel times from/to their home. Therefore, NRCS did not move proceed with the procurement process. The modality changed to a restricted cash transfer to the trainee who paid the training institution individually. This resulted in a unit cost per trainee lower than what was initially budgeted, which allowed NRCS to increase the number of trainees from 600<sup>101</sup> to 800.

### IV.3.2. Timeliness of the activities

As detailed in Section IV.1.1, some CCG recipients complained about the timeliness of the first instalment. As one beneficiary explains (translated from Nepali): *"We have received the CCG fund 2.5 years after the earthquake. The fund would have been more effective if we could have received 1 or 1.5 year after the earthquake, when people got back on their feet and started their livelihood on their own"*. As Shown in the graph in IV.1.1, the first instalment distribution month ranged from December 2016 to December 2018, with the bulk of the first instalment (52%) taking place in the second semester of 2017,<sup>102</sup> more than two years after the earthquake.

Figure 7: Timing of the CCG instalments



While it is not possible to determine the extent to which these delays in the implementation resulted in negative coping strategies, ranging from waiting to restart an activity to taking loans, it negatively impacted the overall effectiveness of the programme. From November 2015 to April 2018, NRCS distributed cash for Seeds and Tools to 5,811 beneficiaries,<sup>103</sup> and, although this was not reported by

<sup>100</sup> Nepal Red Cross Society, 'Guideline for Vocational Training- Version One'.

<sup>101</sup> Ibid.

<sup>102</sup> Based on the data available for the research team: 10,068 CCG beneficiaries out of 13,570.

<sup>103</sup> British Red Cross, 'Kathmandu Valley - LLHs Update until November 2018'.



FGD participants, it may have mitigated the delays in starting the activities. The factors that explain the lack of timeliness were both external and internal, as outlined in the table below:

Table 3: Factors affecting the programme's timeliness

External	Internal
<ul style="list-style-type: none"> <li>There was no national cash transfer policy, and district administrators were delegated the authority to approve the use of CBA. This resulted in the slower take-up of cash in some districts where there were concerns around misusing the funds or cash's potential to fuel conflict between different groups among the community.<sup>104</sup></li> <li>There were the elections in Nepal, which meant that some of the wards members reportedly tried to take advantage of the targeting, which further delayed the process.</li> </ul>	<ul style="list-style-type: none"> <li>NRCS district chapters had limited experience managing targeting for such a large-scale programme.</li> <li>The programme first attempted to resolve all the targeting issues, (moving from Red Card holders to vulnerability-based targeting, complaints) before moving forward with implementation (e.g. distributing the first cash instalment). Early 2017, NRCS then changed its approach: once all complaints related to targeting were dealt with in a given community, NRCS started the implementation.</li> </ul>

Most of these internal and external factors were not modality-specific, and thus would have played a role in any response. In addition, interviewees were unanimous in their assessment that in-kind assistance would have been even slower than cash, due to procurement-induced delays.<sup>105</sup> In fact, one of the reasons CFW was delayed in some communities was that the inputs needed, such as cement, had to go through NRCS central office's procurement.

There were no timeliness issues for the service delivery component that accompanied the CCGs. NRCS' use of district officers for the trainings do not appear to have been negatively impacted by the district governments' lack of funds or the government reorganisation, (as district officers were being transferred to the municipality level).

### IV.3.3. Quantity and quality of the activities

In terms of the quantity of aid received, there were mixed opinions from FGD participants and key informants about whether the CCG transfer value was sufficient to procure all the inputs. More than half of FGD participants mentioned that the CCGs had been sufficient to restore their livelihoods, with the other half reporting that the amount was not sufficient. 79% (n = 904) of CCGs<sup>106</sup> reported that **the cash grant was not equal to the amount needed to be invested and that they used their own money or borrowed money.**<sup>107</sup> This figure is consistent irrespective of the type of business (agriculture, livestock and small businesses), the district, the community, the gender and age of

<sup>104</sup> Willitts-King and Bryant, 'Scaling up Humanitarian Cash Transfers in Nepal'.

<sup>105</sup> This is worth mentioning that these procurement-induced delays occurred during the relief phase with border delays with India slowing the arrival of in-kind relief goods. At the time, NRCS took the decision to go ahead with the cash distributions and distribute in-kind goods after, rather delaying the whole distribution process.

<sup>106</sup> Nepal Red Cross Society, 'CCG Post Distribution Monitoring Data Cleaned'.

<sup>107</sup> Ibid.

recipients. On average, the extra amount of money needed by these 79% of respondents, was 15,650 (NPR).<sup>108</sup>

However, these extra investments hid two different scenarios. On the one hand, a significant number of recipients took NRCS grant as an opportunity to invest their savings or to act as collateral to borrow from friends/families, banks or cooperatives<sup>109</sup>. This was done to increase their capital expenditures in the hope of improving their profitability. FGDs yielded numerous examples of such entrepreneurship. The most recurring examples, regardless of the district and gender of recipients, was specific to livestock. A significant number of livestock recipients were interested in rearing cows. However, NRCS expected self-investment for cow rearing and set the grant value at 20,000 (NPR), which is sufficient to rear two pigs, two goats or 40 chickens,<sup>110</sup> but insufficient for a cow.<sup>111</sup> Considering the diversity of businesses, it seems reasonable that at least some of the recipients, based on the specificities of their businesses, needed to self-invest. Especially for businesses that required heavier investments such as cow rearing. 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.

On the other hand, for some of the most vulnerable households, i.e. single-headed households, households with a person with a disability, the primary data collected by the research team suggests that the overall grant amount was not sufficient. Indeed, some of the recipients reported having to take loans to pay for day-to-day expenses,<sup>112</sup> even after receiving the grant. The supplementary loan was needed for daily expenses while the CCG grant was reportedly sufficient to start the activity, it would take a few weeks for the income to return to them. While NRCS paid a close attention to ensure that the scheme did not compete with other income-generating activities, these households' income at the time was not sufficient to meet their daily needs. Therefore, it is likely that if there would have been a different conditionality, or no conditionality at all, to be eligible for the second instalment, these beneficiaries would have used part of the grant for day-to-day expenses. For such households, the CCG may have been more effective if the grant amount would have been higher, in order not to have to borrow money to meet daily needs, because future income will be spent reimbursing interests.

Furthermore, the CCG activities spanned over a period of almost 2.5 years. Inflation ranged between 7% to 9% per year and the price of food commodities overall increased according to WFP and their Market Watch.<sup>113</sup> Considering an average of 8% per year, the grant of 20,000 (NPR) in 2017, should have been 21,400 in 2018 to ensure the same purchasing power. However, if the modality were to have been in-kind assistance, the equivalent distributed would have been the same over the period.

The issue of the transfer value amount seems to only concern the CCG activity for the most vulnerable households, as there were no similar complaints for the CFW or vocational training. While some informants in Lalitpur and Bhaktapur questioned why the CFW daily rate was lower than the

<sup>108</sup> This average was calculated from the end-line data, averaging the amount of money borrowed by households who reported needing more than the grant value to carry out the activity. Nepal Red Cross Society, 'CCG Post Distribution Monitoring Data Cleaned'.

<sup>109</sup> In Nepal, banks and cooperatives require collateral to lend money. The first instalment acted as a collateral.

<sup>110</sup> British Red Cross, 'Grant Value Analysis'.

<sup>111</sup> According to NRCS' calculation, the total budget (capital expenditures + operating cost) to rear a cow is 28,900 NPR. Source : British Red Cross.

<sup>112</sup> Source: primary data (FGD) and secondary data (PDM). Out of the 185 respondents who reported taking a loan after receiving the grant, 10% reported borrowing money for household-related expenses.

<sup>113</sup> WFP publishes quarterly Market Watch. Publications are available on <http://www.neksap.org.np>.

market rate,<sup>114</sup> this does not signal an issue in the transfer rate, but rather in explaining the purpose of CFW.<sup>115</sup> For the vocational training, the transfer value was sufficient to pay for the training institution, and trainees reported being able to put money aside for other expenses.

## IV.4. The systems in place to manage the modalities over the programme duration

### IV.4.1. Monitoring, administrative and financial systems in place for cash transfers and service delivery

NRCS selected pre-determined banks for each district and to transfer the cash grants.<sup>116</sup> NRCS focused on Commercial Banks (class A) in accordance with the government regulations and did not include any informal financial service providers, such as cooperatives. There was no specific

Picture 5: A recipients receiving its A/C Payee Cheque



Memorandum of Understanding (MoUs) with banks, since the GoN offered a regulatory framework that included sufficient guarantees for NRCS. For instance, it stipulated that there was a 30 (NPR) clearing charge for cheques for more than 200,000 (NRP).

**Most of the CCG and vocational training respondents reported being satisfied with the process of opening a bank account.** About 80% of respondents (n=106) noted their satisfaction with the services banks provided for delivering the cash. In the Kathmandu District (n= 2665), 73% received bearer cheques, 21% A/C Payee Cheques, and 6% Bank transfers. In Lalitpur (n =2537), 84% received A/C Payee Cheque, and 16% received a Bank Transfer.<sup>117</sup> However, **some participants reported having problems accessing the banks to receive the cash, this was reported by 20% of the respondents<sup>118</sup> (n=106) and during FGDs.** During the implementation, NRCS adjusted the delivery mechanism based on communities' feedback: In May 2017, the data from the exit survey pointed to

the fact recipients struggled opening a bank account; NRCS then increased access to bearer cheques, which improved beneficiaries' satisfaction.<sup>119</sup>

Looking at the livestock insurance scheme, despite the government subsidies,<sup>120</sup> the schemes had limited penetration in the three districts. However, thanks to the CCG, the penetration rate increased

<sup>114</sup> In some locations, the market daily rate was higher than the government-prescribed rate. Sources: FGDs, Dobbai and Shesh Kanta, 'Mid Term Review of Nepal Earthquake Recovery Operation'.

<sup>115</sup> As described in Section IV.1.3, CFW often sets a lower market rate so as to prevent those who are able to secure permanent work to be lured away by a more attractive daily rate.

<sup>116</sup> British Red Cross, 'Kathmandu Valley - LLHs Update till August 2018'.

<sup>117</sup> Key Aid Consulting, 'Final Evaluation: Nepal Earthquake Recovery Programme', July 2018. The research team did not have access to the data for Bhaktapur.

<sup>118</sup> Nepal Red Cross Society, 'Secondary Exit Survey Report', June 2018.

<sup>119</sup> Nepal Red Cross Society, 'Primary Exit Survey Report', May 2017.

<sup>120</sup> As a reminder, GoN subsidises 75% of the insurance premium.

in the targeted communities,<sup>121</sup> and all recipients were positive about the newly-created relationships with the insurance companies.

Lastly, NRCS also contracted government officials to provide the training that accompanied the CCGs. While some reportedly had MoUs with the Red Cross, there were no MoUs between the NRCS district chapter and corresponding district offices. NRCS used a standard fee per session, where a day of work cost 6,000 NPR for the four sessions<sup>122</sup> that took place during the training. Each class had one or two trainers.

The rationale for choosing the government was to support the government departments to deliver extension services and build relations and ties with local communities in the hope of creating ties between the representatives and the communities.

#### IV.4.1.1. Financial, logistic, administrative processes in place to support the programme

According to KIs and analysis of the project internal documentation, there appears to have been appropriate administrative processes in place to support the programme with the chosen modality. All the processes as detailed in the SOP, made it very difficult to misuse or divert funds. This was due to the various verification levels at district chapter levels.

First, the selected recipients were compiled into a beneficiary list, which was checked by both the ERO team and the District Committee (composed of the president, treasurer, secretary and a member of the ward).

Secondly, for each distribution, the district chapter prepared a distribution list, which included recipients. The list was crosschecked and endorsed by the Committee. The SOPs detailed which specific steps needed to be followed per delivery mechanism: this included 10 steps for bearer cheques, seven for AC cheques and five for bank transfers.<sup>123</sup> The difference in the number of steps stems from the fact that the preparation of the distribution for cheques involved more stakeholders within NRCS. However, for the three mechanisms, the process included a thorough identity verification process and later a reconciliation.

For all the transfer mechanisms used, the research team found the administrative process to be appropriate and that NRCS's district chapters followed it sufficiently. This means that NRCS monitored the registration and verification process and the channelling of cash via the delivery mechanism. It also means that NRCS ensured that the right person received the correct amount on time.

NRCS reportedly supported recipients, when required, with opening a bank account for bank transfers and AC Payee cheques, which was confirmed by some FGD participants.

#### IV.4.1.2. Monitoring systems, complaint mechanisms in place and prepared to be adjusted if needed

NRCS' monitoring system was appropriately designed to track the CBA modality and ensure that the conditions were adequately followed. For the CCGs, the MoU NRCS with beneficiaries included

<sup>121</sup> 88% (n = 458) of livestock recipients registered to an insurance scheme. Source : Nepal Red Cross Society, 'CCG Post Distribution Monitoring Data Cleaned'.

<sup>122</sup> Each session lasted 90 minutes.

<sup>123</sup> ERO, 'Standard Operating Procedure for Cash Transfer Programming Recovery'.

a simple activity plan that listed the inputs needed and how beneficiaries planned to finance them, e.g. using the cash grants and self-investment.

NRCS volunteers then visited the households to ensure that the first instalment was spent according to plan. The visits took place three to six weeks after the distribution of the first instalments, which was consistent with the process detailed in the SOP.

After the volunteers confirmed the money was spent as planned, NRCS released the second instalment. For cases where beneficiaries did not spend their money correctly, NRCS had a process, using a problem and solution tree,<sup>124</sup> to help the recipients meet their targets.

The vocational training also used monitoring of the conditions to determine the payment of the second instalment. Once the participant successfully completed the training, e.g. had received the training certificate, NRCS released the second instalment to pay the training institute. The per diem paid was calculated based on the attendance sheet provided by the training institute.

The attendance sheet kept by the committee in charge of the CFW infrastructure rehabilitation, was used to determine when to pay participant workers the daily wage.

Picture 6: A recipient getting her instalment from the bank



© Manik Shaha, British Red Cross

**These processes, monitoring schemes, were sufficient to ensure the modality was being accessed and used correctly.** NRCS also tracked down whether the modality preference evolved overtime in its existing survey and in the PDM (98,5% of households preferred cash assistance after in-kind after the completion of the scheme),<sup>125</sup> and if cash had unintended negative effects, such as gender-based violence.<sup>126</sup>

However, **monitoring the CBA modality appears to have been resource-intensive.** In addition to advising CCG recipients on their activity plans, the NRCS volunteers were heavily involved in CCG monitoring, with reported delays because it represented a significant workload.

Based on analysis of the monitoring data and discussions with NRCS staff, it seems that both the activity plan format and the monitoring of the inputs almost entirely focused on the quantitative aspect. Specifically, the money being spent, rather than checking that the activity plan was viable or whether or not the CCGs recipients were successful in following their activity plans. The activity plans mostly listed the inputs required to start the activities and included the anticipated revenues and profits. However, they did not include qualitative information, which would have been useful to assess the capacity of individuals, the level of support needed to start up the activity, and the level of risk for the proposed business.

<sup>124</sup> Ibid.

<sup>125</sup> Nepal Red Cross Society, 'CCG Post Distribution Monitoring Data Cleaned'.

<sup>126</sup> Only one respondent out 904 reported that the cash grant created conflict within his/her family in the PDM data (Nepal Red Cross Society.).



While volunteers were trained <sup>127</sup> to support recipients with their activity plans, the extent, frequency and the content of their support was not documented. It seems that this monitoring activity mostly served for process monitoring rather than outcome monitoring. Considering recipients were all seasoned agriculture/livestock owner/business owners, this monitoring approach did not appear to have hampered the effectiveness of the CCGs. Yet, it represented a loss of opportunity to provide support to less experienced recipients, or even to challenge recipients' existing business practices. All CCGs FGD participants particularly appreciated that the technical training challenged their way of growing crops and breeding livestock; it would therefore be likely to be the same for their business practices.

**Due to the resource-intensive process monitoring used by the programme, an unintended negative effect was that it diverted resources away from outcome monitoring.** Given the limitations in monitoring resources (there were five to seven volunteers per district in addition to Planning Monitoring Evaluation and Reporting (PMER)), the thorough process monitoring <sup>128</sup> meant there were fewer resources to use to ensure that the recipients were restoring their livelihoods and cooperatives were strengthening their business and administrative processes.

The research team came across examples that highlighted the lack of sufficient outcome monitoring. First, for the CCG technical training and the cooperative training, the research team could not find evidence of pre and post-knowledge tests systematically being carried out, recorded and used to assess the learning outcomes of the trainings. Second, NRCS conducted a baseline and finalised a post-distribution monitoring for 8,000 out of 13,570 CCG recipients at the end of September 2018.

The comparison, which has been used throughout this report and specifically in section III.I.1, allowed for an assessment of the extent to which the programme was successful in restoring livelihoods. **However, as this data was only collected six months before the end of the program,<sup>129</sup> it was not used to monitor and adjust the programme if needed** (e.g. to flag that outcomes were not being achieved, so that implementers could review the processes and determine whether the modality was the most appropriate for reaching their objectives). Similarly, while NRCS did informally monitor whether vocational trainees found jobs after their training, the formal monitoring, i.e. PDM, was only scheduled to take place in early 2019. As for the cooperatives, there was no formal monitoring of the effectiveness of the training and the change in processes at the cooperative level. The only example of outcome monitoring was for CFW, where each infrastructure programme was monitored.<sup>130</sup> However, from interviews, it was not clear to the research team how this monitoring was then used.<sup>131</sup>

Finally, while NRCS reportedly looked at WFP market monitoring, which tracks the prices of key food items (price monitored in Kathmandu valley): Coarse Rice, Wheat flour, Soybean oil, Chicken, Broken Lentil, Potato),<sup>132</sup> NRCS did not conduct its own market monitoring. NRCS initially appointed three focal points to conduct market monitoring, as advised in the SOP. However, NRCS did not actually carry out any market monitoring. The only example that the research team came across was the informal monitoring done in early 2018 of vocational training institutes to determine whether the

<sup>127</sup> Around July-August 2016, BRC had supported 10-day training of 66 Society staffs (Volunteers and Social Mobilizers) in General Business skills.

<sup>128</sup> i.e. ensuring that the money was received by the right person and used appropriately.

<sup>129</sup> The first round of PDM data was collected in July 2018 and cleaned in November 2018. When the data collection plan was devised, the program's end was December 2018.

<sup>130</sup> One potential explanation, although not confirmed during the interview, is the fact that BRC is co-monitoring with NRCS

<sup>131</sup> According to one interviewee, findings were shared with NRCS management and a management response was usually taken if required. However, the research team did not encounter any examples of such practice.

<sup>132</sup> WFP, 'Market Watch 89', October 2018.

trainings chosen following the livelihood assessment were still relevant, i.e. if there was still a demand for those trades.

**The rationale for NRCS to not conduct its own market monitoring was twofold.** Firstly, key items in the activity plans such as livestock were hard to follow since there was no standard market price, which is true. Second, NRCS did not plan for a budget buffer to increase the grant value in case of a price increase. However, NRCS/BRC set the grant value based on various price assumptions,<sup>133</sup> which are not tracked in WFP price monitoring such as medicines, seeds, fertilisers, etc. As a result, NRCS/BRC could not assess whether the grant value remained sufficient to cover minimum inputs needed to start a small goat, pig or chicken-rearing business, or growing vegetables. Such data would, for instance, be useful to compare against a percentage presented earlier in the report: 75% of recipients invested additional money into starting their business. Indeed, market monitoring data would have enabled NRCS to assess whether beneficiaries invested extra resources to expand their businesses, a positive outcome, or whether the grant amount was not sufficient anymore, and thus take a management response to maintain the effectiveness of the project.

Furthermore, market monitoring is not limited to price monitoring and can rely on other data sources, such as interviews with traders, which can be used to assess the evolution of supply and demand and market functionality. Therefore, **the lack of market monitoring presents a missed opportunity to determine whether the modality, transfer value and/or frequency remained appropriate over the course of the programme. It also represents a missed opportunity to collect another data source to track down the effectiveness of the CCGs.** It may have evidenced the fact that recipients were selling part of their production to neighbouring markets, thus restoring their livelihoods. Alternatively, it may also have helped identify hurdles in doing so, thus devising a strategy/support to help beneficiaries accessing markets and generating extra income. In fact, 28% (n=904) of recipients asked for further assistance on market linkage for selling production.<sup>134</sup>

**NRCS, with the support of BRC,<sup>135</sup> set up various complaint mechanisms,** including i) face-to-face meetings with a Red Cross representative, ii) over the telephone – either to the 1130 Hotline, directly to a branch office, or to a Red Cross volunteer or member of staff, iii) a written submission to a Red Cross feedback Box, and iv) electronically, through email or on Facebook.<sup>136</sup>

NRCS committed to categorise all grievances, refer them to the appropriate decision-making body for resolution and strived to provide feedback within fifteen days. The analysis of the community engagement and accountability (CEA)<sup>137</sup> data suggests that all formal complaints/grievances were handled and recorded in various databases.<sup>138</sup> For instance, 86.1% of the complaints made on the hotline were related to livelihoods, of which 87.1% focused on beneficiary selection and the other 12.9% on the timeliness of receiving the grant.<sup>139</sup> Of all complaints that could not be addressed immediately (n=259), 75% of them were addressed within 15 days.<sup>140</sup>

<sup>133</sup> British Red Cross, 'Grant Value Analysis'.

<sup>134</sup> Nepal Red Cross Society, 'CCG Post Distribution Monitoring Data Cleaned'.

<sup>135</sup> BRC was appointed as the PNS in charge of CEA.

<sup>136</sup> ERO, 'Standard Operating Procedure for Cash Transfer Programming Recovery'.

<sup>137</sup> For instance Nepal Red Cross Society, 'Total Incoming Call of 2017', n.d. or Nepal Red Cross Society, 'Bhaktapur\_feedback Box Report', n.d.

<sup>138</sup> There was a central database for the hotline, plus other databases in each district level for the complaint box and other type of feedbacks (community mobilisers).

<sup>139</sup> British Red Cross, 'Disaster Programme - End of Programme Report', n.d.

<sup>140</sup> For 10%, it took more than 15 days to resolve. For 15%, the status of the complaint remains unclear.

FGDs demonstrated that the beneficiaries' preferred and most used method for providing feedback was to discuss issues directly with community mobilisers.<sup>141</sup> Participants all reported being satisfied with the CEA processes, and almost all who participated in FGDs were aware of at least one way to lodge a complaint. All FGD participants that filed a complaint mentioned that NRCS adequately dealt with it in a timely manner.

#### IV.4.1.3. Sufficiently trained human resources in place and well-managed to support the programme

While NRCS as an organisation gained some limited experience in implementing CBA during the emergency response and the cash and seeds activity, NRCS recruited team members that had no previous CBA experience to the ERO team at the district level. BRC was aware of this need for capacity building, as was clearly stated in the programme documentation.<sup>142</sup> **Therefore, BRC deployed CBA and livelihood experts to the country and devised a capacity building plan.**<sup>143</sup> This plan reportedly yielded positive results in terms of capacity building, and by the end of the programme, NRCS' capacity to implement CBA to scale had reportedly increased.<sup>144</sup> Similarly, BRC supported a 10-day training for 66 society staff (volunteers and social mobilizers) in General Business skills.<sup>145 146</sup> The objective of the training was to build the capacity of volunteers on how to support recipients in preparing an activity plan, a costing strategy, calculating the profit margin, etc.<sup>147</sup>

However, programme implementers felt that a significant amount of time had to be dedicated to building this knowledge. According to one interviewee, it took nearly six months for NRCS district chapters to fully understand how to implement CFW. **Similarly, it took a significant amount of time to grasp and implement the vulnerability-based targeting.** Given the lack of sufficiently trained human resources for implementing these modalities at the start of the programme, it is not surprising that the process to build this capacity was slow. By the end of the livelihood programme (when the data for this research was collected), it is in the research team's view that the programme had the sufficient human resources in place, who adequately supported the different modalities the activities utilised.

Having analysed NRCS monitoring data to inform this piece of research, it is the research team's professional opinion that the area that would need further capacity-building is data management. Although it is unrelated to the modalities used, it has significant importance for programme monitoring and reporting. While NRCS strived and was particularly successful in collecting project data throughout the project lifetime, the latter was not sufficiently used to conduct real-time monitoring of project activities. As reported by one interviewee, NRCS did not analyse centrally and return it to the field to inform programme adjustment. There may be numerous factors which may have led to this loss of opportunity, such as the lack of time or M&E resources. Yet, the research

<sup>141</sup> Staff recruited by the NRCS District Chapter for the earthquake recovery programme. They are assigned full time to work in the community.

<sup>142</sup> "There is a need for capacity building support to NRCS at least up to an operational minimum with strengthening facilities, equipment, improved office space, and soft skills development support through training, coaching and mentoring to further strengthen and promote community resilience. Assessment of District Chapter capacity are being planned, the findings of which will be feed into the NRCS Capacity Development plan" Source: British Red Cross, 'Disaster Programme Response Phase 2a Plan', August 2015.

<sup>143</sup> Which for instance included the Lalitpur district coordinator attending a CBA training in July 2017.

<sup>144</sup> British Red Cross, 'Disaster Programme - End of Programme Report'.

<sup>145</sup> Nepal Red Cross Society, 'Minutes, Livelihoods Programme Meeting', December 2016.

<sup>146</sup> Industrial Enterprise Development Institute (IEDI), 'A TRAINING REPORT on Start and Improve Your Business (SIYB Level 1) Trainer's Training', July 2016.

<sup>147</sup> As explained earlier, NRCS/BRC was cognisant of the fact that the training was not sufficient to train volunteers to design a proper business plan, hence the change of name in early 2017 from business plan to activity plan.

team identified two consistent issues in NRCS' database, which unless resolved, make data analysis challenging. Firstly, district chapter databases lacked consistency, and it made the merging of databases to conduct analysis for the Kathmandu valley challenging. Secondly, data was cleaned and formatted inconsistently<sup>148</sup>. While these two issues alone do not account for the lack of use of the data, solving them would certainly facilitate the data analysis required for project reporting.

#### IV.4.2. The ability to adjust/change the choice, design and implementation of modalities over time to reflect changes in context

As detailed in the section above, the monitoring (other than the lack of market monitoring) and administrative systems, as well as the human resources, were adequate to enable the flexibility that programme implementers would need to adjust the modality design.

Throughout the programme's implementation, there were several examples of NRCS/BRC adjusting the design and modalities based on the monitoring data and beneficiary feedback. One of the most significant examples, shifting from service delivery to cash grants for the vocational training at the end of 2016. While the complexity of NRCS' procurement systems undeniably played a role in this decision, consultations with potential trainees helped tip the scales in favour of switching to cash.

The second major example was altering the delivery mechanisms for communities where beneficiaries had difficulties accessing banks (both in terms of physical access and literacy/financial literacy). NRCS' preferred delivery mechanism was bank transfers. When selecting among the different delivery mechanisms (bank transfer (BT), account payee cheque (AC), and bearer cheque), the bearer cheque is the most cumbersome, with the most steps to deliver the transfer to one recipient, followed by AC payee cheque and bank transfer last.<sup>149</sup> Both AC Payee check and Bearer cheques had more steps to follow in the SOP and were more human-resources intensive than bank transfers, as they had to be manually prepared with the help of NRCS volunteers and checked by the district committee. Therefore, from an administrative point of view, a bank transfer was much easier because it required less time.

However, recipient-preferred delivery mechanism was either cash in envelope or bearer cheque, because unlike bank transfer and AC payee cheque, it required them to go to the banks only once and elderly people could send someone else to cash the cheque on their behalf. Indeed, for AC Payee Cheque and Bank Transfers, beneficiaries had to go to transfer the money to their bank account/officially receive the money in to their bank account (sign at the bank). Then the money took a few working days to be credited to their bank account, which meant they had to go back a second time to withdraw the funds.

A significant number of participants, particularly in Bhaktapur and Kathmandu districts, reported having difficulties accessing the banks because they were far away, and require walking or having to pay for transportation. It is understandable why recipients preferred the delivery mechanism that required the least amount of effort, whereas NRCS originally preferred the one that was the easiest to manage and was also in line with the government's financial inclusion objective.<sup>150</sup> The programme adaptation to include A/C Payee and bearer cheques in lieu of bank transfers ultimately

<sup>148</sup> E.g. Within one variable, Yes was recorded as « yes », « Yes » or « Y » ; number data was stored as text.

<sup>149</sup> ERO, 'Standard Operating Procedure for Cash Transfer Programming Recovery'.

<sup>150</sup> GoN aims to improve the financial inclusion of Nepalis, defined as people having access to financial services, ranging from savings, payments and transfers to credit and insurance, through formal financial institutions. In 2018, it launched an ambitious campaign of opening bank accounts for every Nepali citizen within a year.

stemmed from beneficiaries' feedback. The feedback indicated that the elderly and People Living With Disabilities were facing difficulties in opening bank accounts.<sup>151</sup> In one community, where the road was in a poor condition and banks were located more than 10 km away, NRCS arranged a mobile banking scheme, wherein three staff from the bank distributed an instalment to 748 recipients over a period of two days.

**Third, over the course of the programme, NRCS also adjusted the volume of each activity based on the needs.** For instance, NRCS/BRC reduced the CFW budget line by 100,000 (GBP) and reallocated it to CCGs to increase the number of CCG participants from 8,000 to 13,570.

The primary data collected for this research pointed to the transfer value may not have been sufficient for the most vulnerable households, who could not meet their basic needs. An analysis of the monitoring and CEA data suggests that very few beneficiaries complained about the transfer value, which did not lead NRCS and BRC to discuss internally the revision of the grant value. However, even if beneficiaries had complained about the CCG transfer value, interviewees were in agreement that NRCS would not have increased the grant value out of fear of causing tensions at community level between the first round receiving 20,000 (NPR), and the second round getting more.

Considering the tensions and implementation delays targeting caused for the CCGs, these concerns of exacerbating community tensions are valid, but can also be mitigated. However, the loss of purchasing power resulting from inflation, (inflation was close to 8%) and price increase may have meant a loss in the CCG's effectiveness.<sup>152</sup> While it did not occur during the programme's lifecycle, recipients from the second round could have complained of unfair treatment as the grant resulted in a lower purchasing power than for the first round of CCGs. Therefore, the decision not to increase the grant value could also have resulted in tensions at the community level. Should it have been the case, NRCS wasn't equipped with market monitoring data to assess these claims and handle them in an adequate manner, because NRCS market monitoring solely relied on WFP Market Watch, which does not track the prices of inputs bought or outputs sold.

## V. Conclusion

**Across all four livelihood activities (CCGs, vocational training, CFW and cooperatives), participants reported being satisfied with the assistance provided and felt that it contributed to restoring their livelihoods.** The activities undeniably helped recipients get back on their feet. However, while demonstrating undeniable achievements, the activities' true ability to restore household's economy levels to pre-earthquake level (for the CCGs and CFW) and help participants find jobs (the vocational training) remains to be fully demonstrated. It will hopefully be the case with the end of programme evaluation taking place in the second quarter of 2019.

**For the CCGs, the primary and secondary data suggest that most recipients<sup>153</sup> either equalled or surpassed pre-earthquake level.** While this positive outcome cannot be solely attributed to NRCS' intervention, NRCS did contribute significantly to restoring the livelihoods of these households. Furthermore, the modalities selected (cash and service provision) have been appreciated by the

<sup>151</sup> Key Aid Consulting, 'Final Evaluation: Nepal Earthquake Recovery Programme', July 2018.

<sup>152</sup> Inflation is a compound indicator of an overall price increase. However, some prices may increase faster than others. Therefore, without a price monitoring, it is not possible to determine whether the prices of the required inputs did increase.

<sup>153</sup> As a reminder, the comparative analysis of pre and post EQ baseline and final PDM showed that 55% surpassed pre EQ level of LLH and 8% equalled pre EQ levels.



communities and to have contributed to the activities' ability to help restore livelihoods, e.g. through increasing the programme's coverage.

However, **there were still 37% of recipients who completed the scheme who reportedly hadn't fully recovered, i.e. reached pre-EQ income level, and 3,502 recipients where data is yet incomplete to assess their recovery.** While the reader should consider the above percentage with caution,<sup>154</sup> the timeliness of the instalment and potentially the transfer value for the most vulnerable households may have inhibited the recovery of some of these households. Taking into account the capacity building taking place (service delivery), the data from FGDs and the fact that a significant number of participants were still implementing the project, it is likely that the remainder will succeed in recovering by the end of project, i.e. April 2019.

**The decision-making processes that led to the design of the programme is not always clear, as there was a lack of programme documentation detailing how this process occurred, and which assumptions were made.** While this is less problematic for the cash feasibility analysis, the lack of documentation<sup>155</sup> during the response analysis phase when the modalities were selected and designed is twofold. Not only did it result in a temporary loss<sup>156</sup> of institutional memory, but also meant that the logical framework did not include indicators to follow up on the programme's assumptions (e.g. a set transfer value, the fact that markets were functional, and that recipients could access them to sell their production, etc.) to check that they remained accurate throughout the programme.

Furthermore, during the programme, when looking at the systems in place to manage the modalities, there was a lack of focus on outcome monitoring (due to resources being prioritised for process monitoring) and market monitoring. While this presents a setback, **the process monitoring, feedback and complaint mechanisms, financial and administrative systems, and human resources were all adequate to enable the flexibility that programme implementers needed to adjust the modality design.** In fact, over the course of the programme two modality-related changes were implemented (the vocational training modality and delivery mechanisms with the introduction of AC payee/bearer cheques). Going forward, strengthening the outcome and market monitoring can further help programmes adapt the modality to changes in the context as needed.

The next section further elaborates on recommendations for strengthening the use of CBA modalities in NRCS programming.

## VI. Lessons learnt & Recommendations

The below recommendations target both the current and future NRCS livelihoods and cash intervention in the Kathmandu valley. They are organised in two categories:

<sup>154</sup> Considering that the seasonality of the income was not taken into consideration when collecting the data.

<sup>155</sup> A full situation analysis including a documented CTP feasibility study, a Response Analysis which involves the selection of programme response options, modalities, target groups, condition, restriction, etc.

<sup>156</sup> At the time of writing, NRCS had initiated the documentation of the project design.

## VI.1. Current NRCS/BRC livelihoods and cash intervention

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### VI.1.1. Situation analysis

#### **Recommendation: Document the decision-making process and design assumptions**

NRCS and BRC made assumptions during the Response Option Analysis workshop, which were not captured in the programme documentation. Not only should NRCS take the remaining months of the programme to retroactively document these assumptions and the decision-making process, but it is recommended it should become standard practice. According to one interviewee, BRC followed a note-to-file approach documenting key decisions and risks and brought those to the attention of BRC's Major Programme Board<sup>157</sup>. MPB (Major Programme Board) is every 2 months. However, it did not systematically translate into the documentation of the programme's design and assumptions.

This is important to build institutional memory and have a monitoring framework that allows ongoing review of the relevance of the assumptions, and to be accountable to the beneficiary population.

### VI.1.1. Implementation

#### **Recommendation: NRCS should take advantage of the systems and processes developed for the EQ response to further improve CBA preparedness**

Over the past three years, NRCS and BRC developed, tested and fine-tuned systems and processes for CBA implementation. These tools are sometimes specific to a specific activity, e.g. CCG.

Over the coming weeks, NRCS should capitalise on these tools and standardise them for future emergency responses. Similarly, NRCS should standardise templates, which could be needed when implementing CBA. This will further improve the timeliness of the first instalment.

#### **Recommendation: NRCS should conduct direct observation in cooperatives**

While cooperatives were all positive about the trainings, NRCS has little data to demonstrate the effectiveness of the activity.

The research team appreciates that it would not be possible to collect pre and post-test data retroactively. However, NRCS could visit and observe cooperatives newly implemented management practices, e.g. bookkeeping. This would allow to assess the effectiveness of the cooperative training by observing whether the standard practices taught during the trainings were implemented. To justify the assessment, NRCS could offer a follow-up training.

#### **Recommendation: NRCS could support additional technical training sessions**

Recipients regularly cited the technical training as a key element of the program. 66% (n =904)<sup>158</sup> also reported "skill development of farmers" as an area for further assistance.

Should NRCS have remaining budget at the end of the project, NRCS could organise extra training for recipients that are interested, especially livestock recipients.

#### **Recommendation: NRCS should organise a lessons-learnt workshop by the end of the programme**

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<sup>157</sup> For any project of more than 5 million (GBP), BRC sets up a Major Programme Board (MPB), which comprises of senior management and technical advisors. The country office provides the MPB with regular technical and financial updates.

<sup>158</sup> Nepal Red Cross Society, 'CCG Post Distribution Monitoring Data Cleaned'.

The implementation of the livelihood activities undoubtedly generated great learnings. Such a workshop would allow to capture the many successes of the programme to ensure that the factors of success are understood, remembered and incorporated into a future response.

Similarly, such a workshop could enable to identify shortcomings and points of improvements and devise an action plan and clear recommendations, in order to avoid replicating them. For instance, the vulnerability-based targeting for such a caseload proved to be challenging; NRCS/NBRC found solutions that should be captured to inform future programming.

### VI.1.1. Monitoring

#### **Recommendation: Collect information on the seasonal variation of income**

While NRCS collected the PDM data within a month, the baseline data was collected throughout as soon as recipients were selected. This resulted in pre-EQ income data and post-CCG income data being collected at different moments in time, which means that the data is currently not necessarily comparable.

Considering that income comparison is a good indicator to demonstrate effectiveness, NRCS could conduct a secondary data review of seasonal variation of income in the Kathmandu valley for the data already collected. When the data collection dates are different, NRCS could then factor the percentage of variations into the comparison of the pre-EQ and post-CCG income.

NRCS should take advantage of the remaining PDM taking place in January to add a question about the seasonality. It would allow having comparable data without using a seasonality proxy indicator for the analysis, as detailed above.

#### **Recommendation: include a focus on the job placement of trainees in the final evaluation of the programme**

There is really little data available on whether trainees were successful to find a job after the completion of their vocational training. When the research was conducted, NRCS was planning to conduct a post-training survey to collect the information.

In addition to the survey, it would be useful to ensure that the final evaluation dedicates sufficient time to investigate this outcome by conducting FGDs with both cohorts of trainees and with vocational training institutes.

## VI.2. Future NRCS/BRC livelihoods and cash intervention

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### VI.2.1. Programme design

#### **Recommendation: All assessments should be formally documented**

NRCS strived to take data-driven decisions and regularly conducted community consultation, especially during the cash feasibility study.

While the data collected then reportedly helped in the decision-making, the output of the data collection, i.e. report, transcripts, were not systematically documented for future use and as evidence to inform subsequent decision making.

#### **Recommendation: Consider awarding a small additional grant to the most vulnerable household, to meet their daily needs**

When receiving the grant, the most vulnerable households' basic needs were not met, and some may have been tempted to use their productive grant for this purpose. The conditionality of the second instalment prevented them to do so.

Some of most vulnerable households had to resort to borrowing money to meet their daily needs while implementing the grant and before getting income from their newly-restarted activity. This further delayed their recovery process because they had to reimburse the capital and interest.

For the households with the worst socio-economic indicators, NRCS considers an unconditional top-up grant, which could be awarded by NRCS on specific vulnerability criteria. To differentiate it from CCGS and avoid tensions, this grant could be marketed as a food security or a basic needs grants and the vulnerability criteria would have to be carefully chosen to target those meeting a combination of specific vulnerability criteria (e.g. women-headed households with a household member with a disability).

**Recommendation: NRCS should consider conducting a refresher training**

For future livelihoods programming, NRCS should keep the same approach and training provider, i.e. the government district offices.

However, NRCS could organise a refresher training for recipients who wish to benefit from additional training.

**Recommendation: NRCS should not condition the disbursement of the second instalment**

There used to be an internal reluctance with unconditional cash grants for livelihood recovery projects within NRCS, mostly because of the risk of unintended use of cash. This reluctance however dissipated over time.

As research <sup>159</sup> tends to demonstrate, provided that vulnerable households are targeted, unconditional cash grants result in the same level of effectiveness and impact, NRCS should pilot unconditional transfers in certain communities and compare the outcome with other forms of conditionality. This means that NRCS would not condition the disbursement of the second instalment to the realisation of expenses planned in the business plan submitted by the beneficiaries. This would allow beneficiaries more flexibility in terms of implementation and save NRCS time in terms of process monitoring.

NRCS should still provide the recipients with technical training to strengthen their livelihood, but these trainings should not be mandatory.

One of the unintended outcomes of the intervention is that disbursing in two instalments gave a push to recipients to restart the activity. However, it is not clear whether this "push" was the result of the transfer frequency alone, or if the conditionality also played a role. Comparing the two conditionality would allow NRCS to determine the extent to which the conditionality is a factor of effectiveness, and thus decide if it is worth maintaining such conditions, which as shown in the report, were resource-intensive and resulted in a loss of efficiency.

**Recommendation: Support trainees in finding jobs and add this as a programme outcome**

NRCS limited its support to a cash grant but did not facilitate the job search afterwards. When pre-selecting vocational training institutes, NRCS should encourage them to facilitate job placements for

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<sup>159</sup> There are various piece of research on the topic, but none about Nepal. Examples include <https://www.poverty-action.org/study/impact-unconditional-cash-transfers-kenya>; <https://www.journals.uchicago.edu/doi/abs/10.1086/689575>;

trainees while they are still attending the school. NRCS should advise trainees to choose, first and foremost, institutes that facilitate job placements.

NRCS could also organise a job fair at the end of the programme to support trainees in finding jobs.

### VI.2.2. Monitoring

**Recommendation: Implement systematic good data management practices when designing the monitoring data collection tools**

For future monitoring exercise, be it from a CBA activity or not, NRCS could benefit from four easy standard data management practices that would accelerate and simplify data analysis:

1. Ensure that different district chapters systematically used the same database format for similar data (e.g. Distribution monitoring). This will allow an easier and faster combination of databases across districts
2. Provide beneficiaries with a unique identification number. The baseline and PDM did not include such variables, which meant that the joining of the two databases had to be done manually
3. Ensure that categorical variables have well-set categories (e.g. Yes/No/I don't know) identically capitalised and written, both in the data collection tool (ODK) and in the clean databases. It will accelerate analysis and allow to produce analysis using pre-established templates
4. Ensure that variables are recorded and stored in an appropriate format for analysis, e.g. dates stored as dates and not as text.

**Recommendation: Put a greater emphasis on outcome monitoring vs. process monitoring**

A significant number of human resources were put in to process monitoring, ensuring the grant was spent according to the MoUs. This monitoring, however, was not useful to monitor the effectiveness of the activity, i.e. increasing the income of targeted household or trainees' employability.

While process monitoring is an important part of project monitoring, it seems important to keep a balance between the two forms of monitoring and make sure that sufficient resources are dedicated to outcome monitoring.

The research team believed there were two areas for improvement, which could result in a greater emphasis on outcome monitoring by a more efficient use of human resources:

1. Remove questions from the PDM and exit survey that can be answered via other data sources. For instance, the exit survey and PDM both included a question about recipient receiving 10,000 NPR for the first and second instalment. It seems that this question is redundant as the reconciliation that NRCS undertaken already allowed to check that recipients received the right transfer value. Not only removing extra questions would accelerate the data collection, but also the data analysis.
2. Disaggregate the PDM from the end-line survey. NRCS collected both outcome data (normally collected at the end of the project via a baseline), and process data with the PDM. NRCS collected the latter in July 2018 and January 2019. As a result, the monitoring data from the PDM, which is needed to inform the implementation and adjust the programme if need be, was not available during the project lifetime. NRCS did collect exit surveys but these were less comprehensive than the PDM. NRCS could instead conduct a statistically representative end-line (as it was the case with the PDM) focusing only on outcome monitoring and do more regular PDM to inform programming.



**Recommendation: Organise a pre- and post-test for cooperative trainees and technical trainings (agriculture, livestock and small businesses)**

Furthermore, NRCS should consider either doing a pre and post-test following the various trainings conducted, such as the cooperatives or technical training for CCGs, or at least adding a question about perceived increase of capacity in the various end-line tools.

**Recommendation: Take advantage of the instalment monitoring to assess how successful recipients are in restarting their activity**

As the volunteers in charge of the monitoring have also been trained to support recipients with good business practices, the process monitoring should be used as an opportunity to support recipients. As detailed in IV.4.1.2, volunteers provided some support to some recipients, but it was not formally part of the M&E plans. As a result, it was not systematised, framed and later recorded.

In addition to monitoring and recording the inputs procured with the grant, volunteers should also assess, with the beneficiaries, the successes and challenges faced in implementing the grant. It would allow NRCS to identify recipients who are facing more difficulties and thus better allocate staff time to support time. Then, a categorisation of these successes and challenges would allow NRCS to better understand the positive and negative outcomes of the project.

NRCS was undeniably faced with constrained human resources given the volume of activities to monitor. However, adjusting the monitoring format to include a few questions about challenges faced would not have increased the number and length of interactions with recipients, while allowing a more outcome-focused project monitoring.

**Recommendation: Formalise market monitoring and monitor market dynamics**

While NRCS/BRC reportedly looked at inflation and key food commodity price increase in WFP's market monitoring, there was no clear threshold defined above which NRCS should consider revising the transfer value for CCGs. Only looking at inflation has its limits. There are many different causes to inflation, and without market monitoring, it would not be possible for BRC to determine what could be causing price increases. This is true for both internal or external factors to the project. It also impedes a response to price fluctuation. Furthermore, WFP Market Watch did not monitor the prices used by NRCS when setting the grant value.

NRCS designed its programme in such a way that the transfer value could not be increased overtime, thus ruling out market monitoring according to interviewees by engaging in market monitoring, it can also be used to track effectiveness. It can provide evidence that recipients are using markets to sell goods and generate income.

Therefore, NRCS should conduct a light-touch market monitoring, on a quarterly/biannual basis, to determine if the prices of key inputs have significantly changed and understand market dynamics. In the case of the CCGs, market monitoring could also be used for outcome monitoring to determine if recipients are accessing markets to sell their products, and what prices the latter are being sold at.

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