



Nepal Government Distribution of Earthquake Reconstruction Cash Grants for Private Houses

IRM – Thematic Study: November 2016



The Asia Foundation



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IRM – Thematic Study

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The views here do not necessarily reflect the UK or the Swiss government's official policies.

Executive Summary

The Post-Disaster Needs Assessment (PDNA) prepared by the Government of Nepal in August 2015 estimated that the lives of eight million people, almost one-third of the population of Nepal, were impacted by the earthquakes of 25 April and 12 May 2015 and the subsequent aftershocks, and over half a million homes were badly damaged or destroyed, primarily in rural areas. With the pace of reconstruction slow, most people whose houses were severely damaged continue to live in temporary and improvised shelters over 18 months after the earthquakes. In order to get people back into safer, permanent housing, the Government of Nepal and major donors developed the Nepal Rural Housing Reconstruction Program (RHRP). Through this program, reconstruction cash grants, disbursed in three tranches, are provided to eligible beneficiaries to aid them in building earthquake-resistant houses.

As reconstruction cash grants for private houses currently form the core of the government's support for earthquake victims, there is a need to examine the effectiveness of the program and its impact on recovery. This report, produced by Democracy Resource Center Nepal (DRCN) and The Asia Foundation, examines the implementation process as well as local awareness and reception of the program and provides recommendations on how it can be improved. It also outlines the policy background of the cash grant program. The report details findings from qualitative field research conducted in Dolakha and Gorkha districts in July 2016 along with data from three rounds of qualitative and quantitative fieldwork, the latest in September 2016. It forms part of a larger longitudinal and mixed methods study, the Independent Impacts and Recovery Monitoring (IRM) project. A series of reports produced by this project seek to provide insights into the effectiveness of aid delivery and its impact on recovery in the aftermath of Nepal's 2015 earthquakes. While the report draws on focused data collection in Dolakha and Gorkha, the use of IRM data for 11 districts means that the findings and recommendations are relevant for all areas where the RHRP has been working.

The cash grant agreement process

Beneficiaries identified during a new damage assessment by the Central Bureau of Statistics (CBS) were invited to sign participation agreements in order to receive the first installment of their reconstruction cash grant. The National Reconstruction Authority (NRA) has been responsible for coordinating the assessment as well as for cash grant distribution. However, both the assessment and agreement processes were not without problems and controversy, leading to a large number of complaints and, in some areas, protests, mostly from those with damaged houses who had previously received earthquake victim ID cards but who had later been left out during the CBS assessment. The assessment significantly reduced the number of beneficiaries in Gorkha and Dolakha compared to previous beneficiary lists.

The process of cash grant agreements had started in both Dolakha and Gorkha at the time of research but progress differed between the two districts. In Dolakha, where the number of eligible beneficiaries had reduced more drastically, progress was slower. There was stronger opposition to the cash grant agreement process in Dolakha and obstruction of the process was common across the district. In Gorkha, assurances from government officials that people's grievances would be recorded and addressed through official grievance forms and complaints mechanisms helped solve some of the protests and moved the process ahead. Political parties—dissatisfied with their lack of formal involvement in the CBS assessment and the cash grant process—were often involved in pressuring district officials to correct the beneficiary lists and in organizing protests.

While protests are one explanation for delays, other factors were also important. Logistical problems reaching remote areas during the monsoon, shortage of staff, and technical difficulties also delayed the agreement process and, ultimately, the disbursement of the grants. Where the cash agreement process was carried out according to the guidelines, however, it was found to be running fairly effectively. Nevertheless,

some people faced difficulties signing agreements, despite their inclusion in the beneficiary lists, due to missing documents. This was particularly the case for landless people and others who did not have the required land documents.

Complaints

While a large number of complaints from earthquake victims claiming to be eligible for the cash grant were registered through complaints mechanisms at local government and NRA offices, there was little progress in resolving them. In the absence of detailed guidelines on how to resolve disputes, complaints were simply collected or forwarded to the next higher complaints mechanism. Government officials did not seem confident about VDC-level resolution of complaints while local leaders and citizens were skeptical about central-level resolution.

Access to beneficiary bank accounts

While the NRA had assigned responsibility to banks and financial institutions for the transfer of grants, the process was found to be lacking uniformity and to face logistical difficulties, delaying access to the cash grants.

Access to beneficiary bank accounts, opened specifically to deposit the first tranche of the reconstruction cash grant, proved particularly problematic, especially for those in remote areas. Many had to travel long distances and spend thousands of rupees to reach bank branches. Often they had to wait for several days before being able to withdraw the money due to long queues or the fact that while bank accounts had been opened, the cash had not yet been deposited in them. Others found they could not access their accounts due to inconsistencies in the spelling of their names in their grant agreement, bank account documents, and citizenship certificates. Problematically, there is currently no official information on the number of people who have been unable to withdraw the grant as disbursement of the cash grant is defined as deposit in the bank rather than withdrawal showing limitations in the NRA's monitoring and evaluation systems.

Flows of information and awareness

Flow of information from the central level to the districts and ultimately to beneficiaries has been challenging primarily because of policy changes at the center and a lack of clarity on the size, installments and requirements of the reconstruction grant. This combined with little local flexibility to adjust guidelines based on experiences during implementation, meant

that local offices were left waiting for more detailed guidelines. In particular, the resolution of complaints was delayed by the absence of clear and detailed instructions from the central level. Further, information channels were not formalized or regular which affected the flow of information to local communities.

While citizens were generally aware of the cash grant agreement process, many were confused about how to access the grant money as well as the requirements that need to be fulfilled to qualify for subsequent tranches of the grant. Most did not know that the cash grants are intended as an incentive to build earthquake-safer houses. There was major confusion about following the correct building codes for earthquake-resilient houses when using the reconstruction grant. Awareness of and information on retrofitting grants and provisions for soft loans was particularly low.

The Use of the cash grants

Although most earthquake victims say they intend to use the grant for reconstruction, some appear to have used it, or plan to use it, for other purposes. Indeed, people believed that the full amount of the reconstruction grant would not be enough to build a house. Those in remote areas face additional challenges to construct as per the NRA guidelines due to high transportation costs. The shortage of skilled labor and the associated increase in wages is likely to further affect adherence to building codes. Most beneficiaries did not use the help of engineers deployed to inform people about the building codes as they were yet to access their grants and had not yet begun rebuilding.

People need more money to rebuild their homes than is provided through the cash grant. However, they generally do not have access to low-interest loan schemes—seemingly due to the reluctance of private banks to provide these. A comprehensive agreement with banks regarding the provisions of loan schemes is necessary to improve access to credit and to avoid debt traps. People also did not have access to planned retrofitting grants, which might help victims repair damaged homes at lower costs. If other forms of assistance are delayed further, there is a risk that people will be not be able to afford to rebuild according to the government guidelines for earthquake-resilient homes.

Recommendations

The report makes seven recommendations which are relevant for all 11 districts where the RHRP is operating. These are from the authors only rather than the donors to the project:

Make access to beneficiary bank accounts and the cash grants easier

- 1) Make the cash withdrawal process easier and more accessible, especially for those in remote areas far away from bank branches.
- 2) Clarify procedures for those who have received money in their bank account but are unable to access the accounts themselves or who are lacking adequate documentation.

Improve access to credit and to information on the terms of cash grants and loan schemes

- 3) The government should make low-interest or interest-free loans available and clarify the terms of credit assistance. If private commercial banks are to be involved, their concerns regarding payback guarantees need to be addressed.
- 4) Information on the terms of cash grant agreements and the required building codes need to be communicated more effectively to earthquake victims alongside training for engineers, construction workers, and other local stakeholders on earthquake-resistant building techniques.

Clarify central-level policies and improve information sharing and management

- 5) To improve cooperation between local government offices and the NRA, and to adjust impractical policies, two-way channels for information sharing on policies and challenges relating to implementation need to be formalized.
- 6) Policies and mechanisms for resolving complaints need to be adjusted to reflect common local concerns and widespread dissatisfaction with damage assessments and beneficiary lists, to allow for effective dispute and complaints resolution, and ultimately, for the correction of mistakes in the beneficiary lists. Existing government mechanisms related to dispute mediation could be used.
- 7) More rigorous monitoring and evaluation systems need to be developed to track progress, including problems faced and what people are using the money for.

List of Acronyms

CBS	Central Bureau of Statistics
CDO	Chief District Officer
CL-PIU	Central Level Project Implementation Unit
DAO	District Administration Office
DCC	District Coordination Committee
DDC	District Development Committee
DDRC	District Disaster Relief Committee
DFID	UK Department for International Development
DL-PIU	District Level Project Implementation Unit
DRCN	Democracy Resource Center Nepal
DUDBC	Department of Urban Development and Building Construction
HRRP	Housing Recovery and Reconstruction Platform
INGO	International Non-Governmental Organization
IRM	Independent Impacts and Recovery Monitoring for Accountability in Post-Earthquake Nepal project
JICA	Japan International Cooperation Agency
LDO	Local Development Officer
LGCDP	Local Governance and Community Development Program
MDTF	Multi Donor Trust Fund
MoFALD	Ministry of Federal Affairs and Local Development
NGO	Non-Governmental Organization
NPR	Nepali Rupees
NRA	National Reconstruction Authority
PDNA	Post Disaster Needs Assessment
RDC	Relief Distribution Committee
RHRP	Rural Housing Reconstruction Program
SDC	Swiss Development Cooperation
TAF	The Asia Foundation
USAID	United States Agency for International Development
VDC	Village Development Committee
WCF	Ward Citizen Forum

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Cash grant agreement process in Khoplang VDC, Gorkha
Photo: Nayan Pokhrel



Photo: Nayan Pokhrel

1. Introduction

The centerpiece of the Government of Nepal’s strategy for supporting earthquake victims is the Nepal Rural Housing Reconstruction Program (RHRP). The earthquakes of April and May 2015 caused massive housing destruction with over half a million houses collapsed or badly damaged. Over 18 months on from the earthquakes, most people whose homes were damaged remained in self-constructed temporary shelters or had moved back into their dangerously damaged houses. In September 2016, 70 percent of people in the most severely hit districts were still living in temporary shelters.¹ People staying in temporary shelters have endured health problems and extreme physical discomfort, with many having spent two monsoons and one winter in shelters and facing another winter without adequate housing. The RHRP aims to get people back into sturdy and safe permanent housing. The program is supported through a multi-donor trust fund and is initially focusing on the 11 most affected districts. It involves disbursing three tranches of funds to eligible beneficiaries to aid them in building

earthquake-resistant houses, with each tranche tied to progress in reconstruction and soft loans planned for the future to aid rebuilding.

The program has not been without problem or controversy. Widespread complaints about the list of eligible beneficiaries have been reported. Alongside central-level delays, disbursement of the first tranche of cash has been delayed in many areas in part because of protests on the ground. And there have been reports of confusion about how to access money, what it can be used for, and the conditions that need to be met for the second tranche to be disbursed. In order to ensure the program’s effectiveness, it is important to monitor progress and challenges so that problems can be addressed.

This report seeks to contribute to this effort by assessing how the program is working and providing recommendations. The report is based primarily on qualitative research conducted from 12-18 July in Gorkha and Dolakha districts where key elements of the program—the signing of cash grant agreements and the distribution of cash—were ongoing at the time of the research. Both districts are classified by

¹ Data is from the third wave of the IRM study (see below). Full analysis of the survey results will be published in early 2017.

the government as ‘severely hit’ having sustained the highest level of impact from the earthquake. Research teams visited the district headquarters as well as two Village Development Committees (VDCs) in each district: Khoplang and Deurali in Gorkha, and Lamidada and Namdu in Dolakha.

Teams selected VDCs to vary in the level of local obstruction to the program. In each district, one VDC was selected where the process went relatively smoothly and one where protests or other difficulties were encountered. (In reality, many problems were found even in the ‘smooth’ VDCs). Researchers conducted 77 key informant interviews with government officials, political party leaders, journalists, engineers, and other key stakeholders, as well as 45 citizen interviews with earthquake-affected people in the VDCs visited.

The report also draws on other data sources. It is part of a larger longitudinal and mixed-method study, the Independent Impacts and Recovery Monitoring (IRM) project, which involves representative surveys of almost 5,000 people conducted at six month intervals in 11 earthquake-affected districts alongside in-depth qualitative fieldwork in six of these. This report includes some preliminary data from the third wave of research (IRM-3), conducted in September 2016, alongside findings from the first two waves, conducted in June 2015 and February-March 2016. Discussions with stakeholders in Kathmandu and a tracking of press reports were also drawn upon. The use of rigorous data from IRM, which collects information in 11 districts, means that the findings and recommendations are relevant for all areas where the RHRP is working.

The report is structured as follows:

Section 2 discusses the two government cash grant schemes that preceded the RHRP. Doing so is informative because it provides lessons from the difficulties these schemes faced that have implications for the larger reconstruction cash grant program.

Section 3 provides an overview of the RHRP program. It outlines: the basic structure of the program and how it has proceeded; the damage assessment on which it is based; the beneficiary and cash grant distribution process; rules around complaints and building codes; and discusses coordination mechanisms.

Section 4 highlights the challenges that have emerged and discusses how the program may be improved in order to mitigate existing problems. It looks at: issues around local reception of the government’s damage assessments and changes to beneficiary lists; the process of signing beneficiary agreements for the purpose of distributing the reconstruction grant; and issues related to access to the grants.

Section 5 discusses transparency and flows of information. It looks at information flows between the central-level NRA and districts, between districts and the local level, and the awareness of beneficiaries.

Section 6 discusses how the cash grants have been used, including the extent to which they will likely be used for reconstruction, and how they fit with local needs.

Section 7 concludes with a set of recommendations, relevant to all districts receiving the program, that, if implemented, will improve its effectiveness. The recommendations are those of the authors of the report alone and do not reflect the views of the donors.



Photo: Chiran Manandhar

2. Damage assessments and early cash grants

Before the reconstruction program began, the government distributed two types of cash grants to earthquake-affected households: (1) emergency grants for funeral costs and the construction of temporary

shelters; and (2) winter cash grants to help people make adjustments to their temporary shelters and to buy clothes and blankets.

2.1. Emergency cash grants

The government began distributing initial cash assistance around one month after the first earthquake.

This included NPR 30,000 for funeral costs for those households who lost a member during the earthquake, NPR 15,000 for households with ‘red cards’ (those

whose house was ‘fully damaged’) to build temporary shelters, and NPR 3,000 for households with ‘yellow cards’ (those with ‘partially damaged’ houses).² The majority of households who received early cash assistance in medium and higher impact districts received NPR 15,000 on average, while those in districts that were less affected received less.³ The

² The government had initially categorized damaged houses into three groups (fully damaged, partially damaged, and normal) issuing red, yellow, and green cards, respectively.

³ The Asia Foundation (2015). *Aid and Recovery in Post-Earthquake Nepal Phase 1 – Quantitative Survey (June 2015)*. Kathmandu and Bangkok: The Asia Foundation. p.38. <http://asiafoundation.org/resources/pdfs/AWAidandRecoveryQuantitativeSurveyinteractivePDF.pdf>.

initial cash grants were distributed throughout the 2015 monsoon, either through VDC-level Relief Distribution Committees (RDCs) or, in areas without RDCs, through VDC Offices. In the latter case, VDC Secretaries distributed cash to beneficiary households in person, at times accompanied by security officials as large sums were being transported.⁴ In several districts, non-governmental organizations, both local NGOs and INGOs, were involved in the cash distribution process, working in coordination with or on behalf of the government.

Cash grant beneficiaries were identified on the basis of damage assessments undertaken in the early weeks after the earthquakes. The first round of assessment was conducted by VDCs days after the first earthquake, generally in an ad-hoc manner and with the involvement of local teachers, leaders, and residents. This assessment aimed to inform district and central government officials and agencies about the level of damage while also helping them target and distribute immediate relief.

Within one month, the government issued instructions to the districts to conduct a more formal assessment. This was coordinated by the District Disaster Relief Committees (DDRCs), who deployed external assessment teams, led by an engineer in most locations. The intention was to standardize the assessment process in order to gather more comprehensive and uniform data. This data was to be used to prepare beneficiary lists and distribute victim ID cards that would be used for the provision of earthquake assistance.

Because of the direct link with aid provision, and the disorganized way they were conducted in many locations, the assessments became a significant source of contention throughout all earthquake-affected districts.

Complaints registered by local people against the second assessment were frequent and ranged from inclusion and exclusion errors to households listed in the wrong damage category. For example, many houses that had not been fully destroyed were listed as ‘partially damaged’, even though they were unlivable and would have to be rebuilt. People complained about inconsistent assessment procedures between and within districts, the lack of technical knowledge of the assessment teams, the absence of local monitoring mechanisms, and in some cases, corruption. Political interference was reported by locals and political leaders in several areas leading to protests by political parties and residents against the cash distribution aimed at pressuring district level officials to adjust the beneficiary lists.⁵

The second damage assessment, and ultimately the distribution of victim ID cards and disbursement of grants, were delayed in many places due to logistical and security challenges, the lack of clear guidelines for the process, as well as protests and complaints.

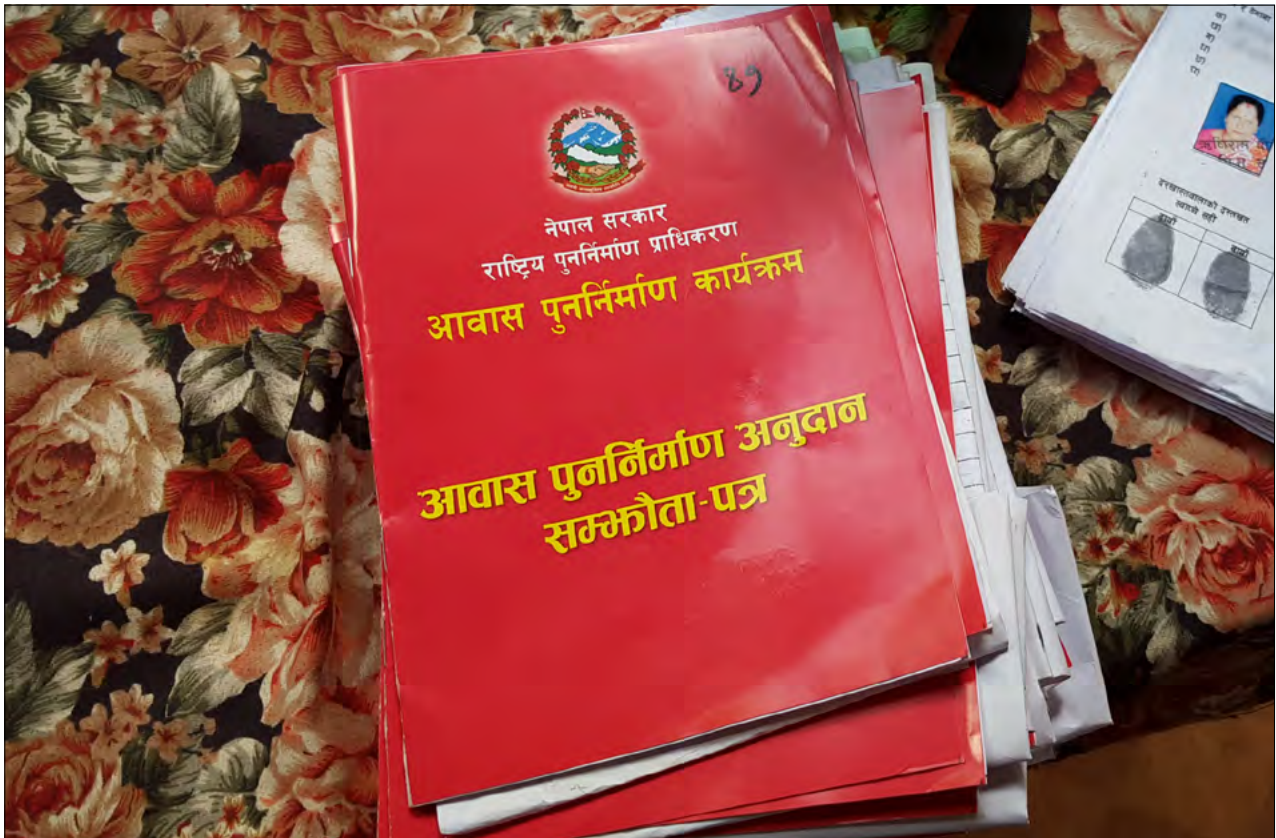
These factors also meant that the assessments were not conducted in a consistent manner. A process emerged whereby beneficiary lists were adjusted and readjusted based on new data and incoming complaints. Eventually, the large number of complaints and protests led to the government’s decision to conduct an entirely new third round of assessments in early 2016.⁶

⁴ The Asia Foundation and Democracy Resource Center Nepal (2015). *Aid and Recovery in Post-Earthquake Nepal Phase 1 – Qualitative Field Monitoring (June 2015)*. Kathmandu and Bangkok: The Asia Foundation.

⁵ For more information on the assessments, see the first and second phase reports in the series *Aid and Recovery in Post-Earthquake Nepal – Qualitative Field Monitoring*. Kathmandu and Bangkok:

The Asia Foundation. <http://asiafoundation.org/tag/independent-impacts-and-recovery-monitoring-nepal/>

⁶ The Asia Foundation and Democracy Resource Center Nepal (2015). *Aid and Recovery in Post-Earthquake Nepal Phase 1 – Qualitative Field Monitoring (June 2015)*. Kathmandu and Bangkok: The Asia Foundation.



The Nepal government's cash grant agreement document—Photo: Nayan Pokhrel

2.2. Winter relief

The early cash grants were followed by the provision of winter relief grants intended to assist victims in purchasing clothing, blankets, and fuel to withstand the cold during the first winter after the earthquakes. Citizens and local officials complained that the winter cash assistance ‘was too little and arrived too late’.

NPR 10,000 was distributed to households whose houses had been categorized as fully damaged. The process for the distribution of winter cash grants was similar to that of the emergency cash grants. Winter cash assistance was provided to earthquake victims with ‘red cards’ through local VDC offices. Non-governmental organizations were less involved in assisting the government with the distribution of the winter cash grants compared to the earlier grants but some ran complementary cash grant schemes.⁷

While the program formally started in October 2015, in many cases money arrived much later. IRM fieldwork found that winter relief had still not been distributed in the district headquarters and in Palungtar municipality in Gorkha district in March 2016, well after the end of the winter. In Dolakha, winter relief was distributed in all 50 VDCs and municipalities by the local government offices only in February and March 2016. There were a number of reasons for the delays. Logistical and security challenges, such as the transportation of large sums to remote areas and the fact that the money was transferred to the districts in tranches, caused hold-ups. Districts thus had to prioritize VDCs based on levels of damage meaning that lower impact VDCs received the grants much later, leaving affected households there without assistance until well into the winter.

⁷ This is based on findings from the six districts visited by DRCN for the second round research of the IRM project in February–March 2016. For more information on the winter cash grant process see: The Asia Foundation and Democracy Resource

Center Nepal (2016). *Aid and Recovery in Post-Earthquake Nepal Phase 2 – Qualitative Field Monitoring (February–March 2016)*. Kathmandu and Bangkok: The Asia Foundation.

Disagreements and complaints about the damage assessment and the resulting beneficiary lists also held up the program in some places.

These continued to be raised during the distribution of the winter relief although a number of complaints had been addressed and corrections to beneficiary lists made by then.⁸ Due to these corrections, the numbers of beneficiaries changed in both Gorkha and Dolakha. In each, there were increases in the numbers of households deemed eligible for support between the initial cash grants and the provision of winter relief. The increase was greater in Dolakha where eligible households increased by 17,760 (28 percent) – from 62,951 households on the initial list to the 80,711 households eligible for the winter relief cash grant. In Gorkha, the total number of listed households also increased but only by 3,973 (6.4 percent) – from 59,523 households on the initial beneficiary list to 65,742 households eligible for winter relief.

Despite widespread complaints about the assessments and beneficiary lists, as well as significant logistical challenges during distribution processes, the government's emergency and winter cash grants seem to have reached most affected households – although distribution was late in many areas. These grants were the only government-led assistance provided across all earthquake-affected districts. They were much needed, given there was relatively little other cash assistance provided with NGO cash schemes smaller in scale.⁹ However, while they helped many victims, their limited size meant that they played a role in helping people cope with immediate problems rather than helping them recover. Across all 11 districts surveyed in September 2016, only 6% of those whose houses had been damaged by the earthquakes had managed to completely repair them.¹⁰ More substantial assistance than the winter relief grants would have been needed earlier for a faster recovery.

⁸ The Asia Foundation and Democracy Resource Center Nepal (2016). *Aid and Recovery in Post-Earthquake Nepal Phase 2 – Qualitative Field Monitoring (February and March 2016)*. Kathmandu and Bangkok: The Asia Foundation.

⁹ Findings from the survey conducted as part of the IRM project suggest that on average, people received cash assistance amounts

similar to the government's cash grants. This suggests that there was no other widespread cash distribution. The Asia Foundation (2016). *Aid and Recovery in Post-Earthquake Nepal Phase 2 – Quantitative Survey (February and March 2016)*. Kathmandu and Bangkok: The Asia Foundation.

¹⁰ Data from the IRM-3 survey.

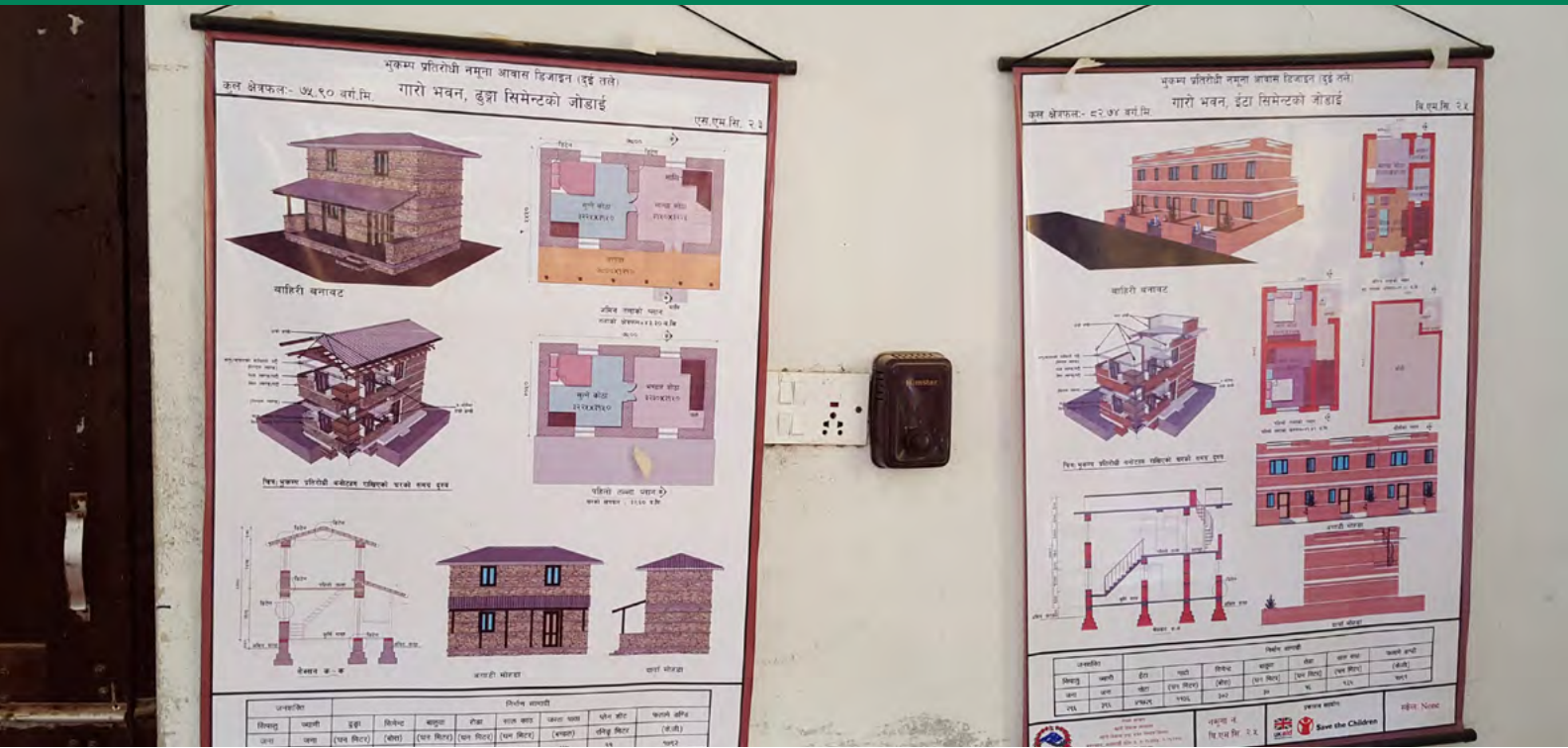


Photo: Nayan Pokhrel

3. The Rural Housing Reconstruction Program

To assist affected households with rebuilding their damaged homes, the Nepal Rural Housing Reconstruction Program (RHRP) was developed.

The objective of the program was to “ensure that houses destroyed in the most-affected districts of the country will be rebuilt using earthquake-safer building techniques through grants and technical assistance to eligible households from the Government of Nepal.”¹¹ A multi-donor trust fund is supporting the govern-

3.1. Background to the program

ment in this effort.¹² While non-governmental and individual donors have also provided cash assistance to earthquake victims including support for rebuilding, the RHRP is the main mechanism through which resources are being provided to those whose house was destroyed or damaged. The grants currently form the core of the government’s reconstruction efforts.¹³

The RHRP provides cash assistance to households whose homes were impacted by the earthquake. This cash assistance is intended to boost ‘owner-driven

¹¹ <http://hrrpnepal.org/media/78963/nepal-rural-housing-reconstruction-program.pdf>, p.3.

¹² The Multi Donor Trust Fund was established with support from the US Agency for International Development (USAID), the Swiss Agency for Development and Cooperation (SDC), and the World Bank. Other development partners, such as the Japan International Cooperation Agency (JICA), are working in close collaboration with MDTF partners to extend the coverage of the

rural housing reconstruction program services to additional areas of the country. <http://hrrpnepal.org/media/78963/nepal-rural-housing-reconstruction-program.pdf>.

¹³ For detailed information on the reconstruction grants see, ‘Information Booklet – Housing Reconstruction Grant – Vol I (Nepali version)’ http://hrrpnepal.org/media/39293/book_nra-2016_final_20160310.pdf.

reconstruction’ and is tied to the use of specific building codes in order to make homes earthquake-safer and to “build a more resilient Nepal”.¹⁴ The June 2015 credit agreement between the donors and the government requires the government to follow five steps in the grant distribution process:¹⁵

- (1) Conduct a new house-by-house damage assessment and eligibility survey;

- (2) Sign a participation agreement between eligible beneficiaries and the government;
- (3) Disburse the grant in multiple tranches through bank accounts;
- (4) Release subsequent tranches based on progress achieved in resilient construction; and
- (5) Conduct comprehensive, multi-tier, and hands-on training.

3.2. The new CBS damage assessment

The government began a new round of damage assessments aimed at identifying reconstruction grant beneficiaries in February 2016.

As discussed above, the two previous assessments had been contentious with a large number of complaints across affected districts and protests against beneficiary lists in some areas.¹⁶ It was believed that a new, more technically sound assessment was needed. The new assessment—the third since the 2015 earthquakes—was conducted by the Central Bureau of Statistics (CBS) at the behest of the National Reconstruction Authority (NRA). The CBS deployed engineers to the 11 most affected districts, excluding districts categorized by the government as being ‘hit with heavy losses’ or ‘hit’.

The exclusion of these less-affected districts meant that cash distribution was postponed indefinitely in these districts causing frustration as well as uncertainty among earthquake victims there and frustrations were also expressed in the 11 districts where the CBS assessment was conducted.

While these districts were less impacted by the earthquakes than the ‘severely hit’ and ‘crisis hit’ districts, many were affected in these places. IRM survey data showed, for example, that 52% of houses in Solukhumbu, a ‘hit with heavy losses’ district, were destroyed or damaged and even 21% of houses were impacted in Syangja in the least affected ‘hit’ category.¹⁷

The CBS assessment led to a reduction in the number of beneficiaries in most districts (see Section 4.1) and many earthquake victims, as well as some local officials and leaders, complained that the assessment was conducted inconsistently and without sufficient staff and technical knowledge.¹⁸ Of those who were declared not to be eligible for the reconstruction grant, almost one-third believed they should be (Figure 1).

The CBS assessment teams graded the level of damage to houses on a scale of 1-5, with 1 being the lowest damage (‘negligible to slight damage’) and 5 being the highest (‘destruction’).¹⁹ Heavily damaged houses were listed under damage grades 3, 4, and 5, depending on the extent of structural damage and levels of destruction. Houses graded 3-5 were deemed eligible for the reconstruction cash grant assistance.

¹⁴ <http://hrrpnepal.org/media/78963/nepal-rural-housing-reconstruction-program.pdf>, p.2.

¹⁵ <http://www.worldbank.org/en/news/speech/2015/06/25/world-bank-group-pledge-statement-at-the-international-conference-on-nepals-reconstruction-2015>

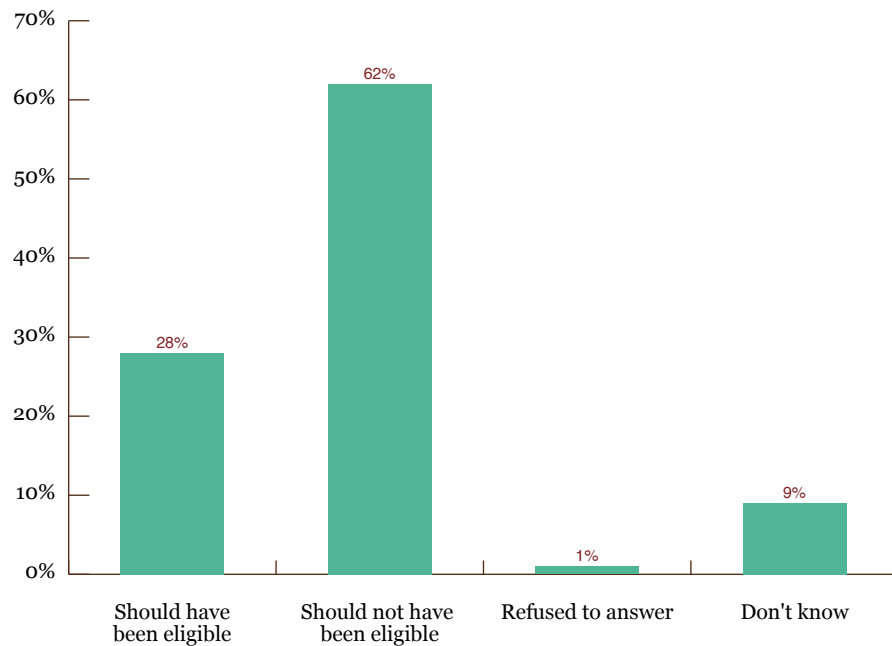
¹⁶ For more information on various rounds of assessments and related protests, see phase 1 and 2 qualitative field monitoring reports in the series *Aid and Recovery in Post-Earthquake Nepal*. Kathmandu and Bangkok: The Asia Foundation. <http://asiafoundation.org/tag/independent-impacts-and-recovery-monitoring-nepal/>.

¹⁷ Data from the IRM-2 survey.

¹⁸ This was revealed by research conducted by DRCN for the IRM project in September 2016. These findings will be discussed in an upcoming report to be released in early 2017: *Aid and Recovery in Post-Earthquake Nepal Phase 3 – Qualitative Field Monitoring (September 2016)*.

¹⁹ For definitions of the damage categories used during the CBS assessment see: http://hrrpnepal.org/media/102534/cbs_damage_category_definition.pdf.

Figure 1: Proportion of people declared not eligible for reconstruction grants who feel they should have been (IRM-3 survey, September 2016)



3.3. The beneficiary agreement and grant distribution processes

The process of signing reconstruction grant agreements with beneficiaries—those whose houses were given damage grades 3, 4, or 5 ('substantial to heavy damage', 'very heavy damage', and 'destruction') in the CBS assessment—began in July 2016.

A total of 533,182 houses were deemed eligible for receiving the house reconstruction grant in the 11 target districts. As discussed later, the agreement process faced logistical and technical challenges as well as frequent protests due to local complaints against the new beneficiary lists. This caused delays in the signing of agreements as well as the distribution of grants in some areas. By 14 October 2016, 463,110 of the 533,182 eligible households had signed agreements in the 11 focus districts, and 173,778 households had lodged complaints with the NRA.²⁰

The size of the housing reconstruction grant was initially set at NPR 200,000. The original plan was for the grant to be dispersed in three installments (as per the RHRP agreement between the government and donors) of NPR 50,000, NPR 80,000, and NPR 70,000, respectively. Political infighting and a change of government have since led to a number of new proposals on the number of installments and amounts. Most noticeably, Prime Minister Dahal directed the NRA in late August to allocate an additional NPR 100,000 to the housing reconstruction grant taking the total available for fully damaged houses to NPR 300,000.²¹ The NRA steering committee approved this policy change in late September 2016, stating that earthquake victims will receive NPR 150,000 in the second tranche and the additional NPR 100,000 in the third tranche. Victims would receive the third tranche only if they built either a toilet, a bio-gas

²⁰ 'CBS concludes beneficiary survey in Valley', October 17 2016, <https://thehimalayantimes.com/business/central-bureau-of-statistics-concludes-beneficiary-survey-valley/>.

²¹ 'Govt prepares to up housing grant', September 6 2016, <http://kathmandupost.ekantipur.com/news/2016-09-06/post-quake-reconstruction-govt-prepares-to-up-housing-grant.html>.

plant, or installed solar power.²² As of late November 2016, these policy changes had yet to be approved by the Cabinet.

The cash grant process was negatively affected by unclear and incomplete central-level policies.

New, sometimes conflicting, proposals and decisions in Parliament on the size of cash grants, the number of installments, and the conditions for receiving further installments of the grant made the work of local government offices and NRA staff working at the local level more difficult. Findings discussed in this report reveal that this caused confusion and uncertainty and ultimately delayed the distribution and complaints resolution processes.

In July 2016, the government began disbursing the first tranche of the reconstruction grant (NPR 50,000) into bank accounts opened specifically for the purpose in the name of those who had signed agreements.²³

The deadline to complete distribution was initially set for mid-September and later 6 October. Both deadlines were missed.²⁴ By 14 October, a total of 420,882 households out of 531,964 eligible households in the

11 districts had received the first tranche of the housing grant in their bank accounts.

It is important to note that the government and the NRA have defined payment of the housing grant as being the point at which the money is put in eligible victims' bank accounts. The number of beneficiaries who have actually withdrawn the grant money currently remains unclear. As this research and other reports have shown, earthquake victims have faced significant obstacles accessing their bank accounts. No data appears to be available on how many beneficiaries have actually withdrawn the money from their accounts. This demonstrates that it is necessary for the NRA to develop more rigorous monitoring and evaluation systems to track progress.

Of those who were able to access the first tranche most received the full NPR 50,000 but some received less.

Table 1 shows the average amounts received, and the minimum and maximum received, for each of the districts surveyed in IRM-3 in September 2016 where the reconstruction program was operating. Qualitative research conducted at the same time revealed that banks in many areas were charging beneficiaries NPR 1,000 as a service charge.

Table 1: Amount of reconstruction grant received for those who received it (IRM-3 survey, September 2016)

District	Mean (NPR)	Maximum (NPR)	Minimum (NPR)
Dhading	50,000	50,000	50,000
Gorkha	49,872	50,000	49,000
Nuwakot	50,000	50,000	50,000
Ramechhap	50,000	50,000	50,000
Sindhupalchok	50,000	50,000	50,000
Okhaldhunga	50,000	50,000	50,000
All surveyed districts	49,937	50,000	49,000

²² 'NRA meeting approves additional housing grant of NPR 100,000', September 27 2016, <http://www.myrepublica.com/news/6394>.

²³ 'Grant Distribution Guideline for Completely Destroyed Private Houses by Earthquakes 2072 (2015)'. <http://hrrpnepal.org/>

[media/105464/grant-distribution-guidelines_unofficial-translation-eng_160520.pdf](http://www.myrepublica.com/media/105464/grant-distribution-guidelines_unofficial-translation-eng_160520.pdf).

²⁴ 'Local bodies told to distribute first tranche before Dashain', September 22 2016, <http://www.myrepublica.com/news/6103>.



Posters with information on the cash grant agreement process—Photo: Nayan Pokhrel

3.4. Guidelines and process for dealing with complaints

The government has issued guidelines on how complaints about the beneficiary lists should be collected and addressed but guidance on how to resolve the most difficult complaints has not been issued.

The guidelines outline that complaints should be filed through official grievance forms at the local government or NRA offices.²⁵ Grievance mechanisms are established for this purpose at the VDC/municipality level, district level, the NRA sub-regional office, and the NRA central office. At the VDC/municipality level the committee comprises the VDC Secretary, Social Mobilizer, NRA-deployed engineer, Ward Citizen

Forum (WCF) Presidents, and the VDC/municipality technical assistant. Others, such as local political party leaders, can be invited to join committee meetings. Complaints that cannot be resolved at the VDC/municipality are forwarded to the district level mechanism consisting of the Chief District Officer (CDO), the Local Development Officer (LDO), the heads of the civil and armed police, the District Project Implementation Unit Chief, the District Coordination Sub-Committee Member Secretary, and, often, political party representatives. Complaints that remain unresolved at this level are to be referred to the NRA sub-regional office and, ultimately, to the central office of the NRA. Detailed instructions for how to resolve difficult complaints, however, have not been issued and the research revealed that while grievance forms were filled out and collected by the responsible mechanisms, most complaints remained unresolved.

²⁵ http://hrrpnepal.org/media/102543/grievances-management-guidelines-2073_unofficial-translation.pdf.



Grievance and complaints registration center in Khopleng VDC, Gorkha—Photo: Nayan Pokhrel

3.5. Building codes

The reconstruction cash grant is intended as incentive to ‘build back better’. As such, the grant is tied to the requirements of the National Building Code and the use of earthquake-resistant technologies.²⁶

Several rounds of technical supervision of the building process are planned to monitor if beneficiaries are following these requirements. If this is found to be the case, they will receive subsequent tranches of the grant. In order to receive the second installment,

beneficiary households need to have completed the “foundation level and up to the plinth construction” and to have adopted “earthquake resistant technology”.²⁷ As discussed above, the third tranche of the grant is dependent on beneficiaries having built either a toilet, a bio-gas plant, or having installed solar power, according to new plans recently approved by the NRA. As of now, no separate building codes and reconstruction requirements for retrofitting of partially damaged homes have been issued.²⁸

²⁶ Nepal National Building Code: http://hrrpnepal.org/media/8993/nbc_000_requirement_for_state-of-the_art_design.pdf; Design Catalogue for Reconstruction of Earthquake Resistant Houses: http://hrrpnepal.org/media/8969/design_catalogue_for_reconstruction_of_earthquake_resistant_houses.pdf.

²⁷ http://hrrpnepal.org/media/105464/grant-distribution-guide-lines_unofficial-translation-eng_160520.pdf.

²⁸ http://hrrpnepal.org/media/105469/161110_briefing-pack_v3.pdf.

3.6. NRA coordination

The National Reconstruction Authority (NRA) was established in December 2015.²⁹ It is the “legally mandated agency for leading and managing earthquake recovery and reconstruction in Nepal” which should “provide strategic guidance to identify and address the priorities for recovery and reconstruction”.³⁰ Its focus, however, is more on ‘strategic guidance’ than on implementation, which is done through local government offices in coordination with non-governmental organizations.

The NRA has six sub-regional offices, including in Gorkha and in Dolakha, headed by a Joint Secretary of the Government of Nepal. In both districts, the primary task of the sub-regional office, at the time of this research, was to plan and coordinate the cash grant agreement process as well as to monitor it. The actual implementing bodies for the signing of grant agreements were the VDC Offices, supported by government-deployed engineers and volunteers and staff from non-governmental and local organizations, such as Ward Citizen Forums (WCF) and social mobilizers. They assisted the process by informing beneficiaries and helping them during the completion of agreements as well as by supporting the VDC offices in their work. Prior to this, the CBS assessment and publishing the new beneficiary lists were also

overseen by the NRA in coordination with VDC and Municipality Secretaries. The local NRA offices were also mandated to deal with complaints about the beneficiary lists and grant agreements, although for now, they had only collected complaints and had not addressed them in either Gorkha or Dolakha.³¹

The local NRA offices also coordinate information-sharing on the cash grant process. The actual dissemination of information, however, was done by the DDRCs in collaboration with the District Development Committee (DDC). The DDC held orientation programs for VDC Secretaries as well as for the government-deployed engineers. Further, the NRA coordinated meetings between the banks and the DDRC to facilitate the cash distribution process. However, unclear division of roles and responsibilities of various offices and committees involved in reconstruction at the district level have, amongst other factors, made it difficult for the NRA to effectively coordinate the cash grant process in the districts.³²

In addition, the work of local NRA offices and the flow of the information to the districts, VDCs, and ultimately beneficiaries, were negatively affected by unclear and insufficient central-level policies, which caused confusion and uncertainty.

3.7. Delay of assistance beyond the reconstruction grants

The NRA’s focus on housing reconstruction cash grants, and the lack of policies and guidelines on other schemes, leaves uncertainty about other forms of assistance for earthquake victims.

For example, there has been little support for lesser-impacted homes that could be repaired and made

earthquake-safer through retrofitting rather than rebuilding. While cash assistance for retrofitting has been announced, the terms have yet to be clarified. The Housing Recovery and Reconstruction Platform (HRRP) briefing pack states: “A retrofitting grant of NPR 100,000 will also be distributed to the households deemed eligible. The eligibility criteria for retrofitting grants is to be finalized soon.”³³

²⁹ <http://www.hrrpnepal.org/media/9148/nra-act-english-official-translation.pdf>.

³⁰ ‘About National Reconstruction Authority’, NRA website, accessed 28 August 2016.

³¹ September 2016 research for IRM-3 revealed a lack of clarity on how to address complaints, leaving the majority unresolved. These findings will be discussed in the upcoming IRM-3 reports.

³² Overlapping responsibilities, and the fact that the NRA offices were new and less well established at the district level than other offices such as the DDRCs and DDCs, were found to hamper the

role of the NRA in several districts visited by DRCN in September 2016. This will be discussed in more detail in the upcoming report: *Aid and Recovery in Post-Earthquake Nepal Phase 3 – Qualitative Field Monitoring (September 2016)*.

³³ http://hrrpnepal.org/media/105469/161110_briefing-pack_v3.pdf. “HRRP is a platform for coordination, strategic planning and technical guidance to agencies involved in recovery and reconstruction and to support the Government of Nepal in coordinating the national reconstruction programme.” <http://hrrpnepal.org/non-nav-pages/about-hrrp.aspx>.

Such delays and a lack of technical training on retrofitting mean that many households are keen to receive the reconstruction cash grant, which requires them to completely rebuild. Yet the costs of demolishing partially damaged houses and rebuilding are generally much higher than repairing/retrofitting. Further, the building codes that need to be followed to qualify for further tranches of the reconstruction grant require materials that are often not locally available and building styles that are significantly different from local housing cultures.

Promised loan schemes to further assist households with rebuilding have also not been successful.

The cash grants were intended primarily as an incentive to build earthquake-resilient homes. As such, they were not designed to be the only assistance and soft

loans of up to NPR 300,000 without collateral were planned to further help earthquake victims pay for reconstruction.³⁴ Recent IRM field research found, however, that these schemes have largely failed or been delayed, at least for the time being, with the vast majority of people and many officials in the VDCs visited unaware of such provisions.³⁵ At the same time, the research revealed that the reconstruction grant will not be enough for most affected households and that access to cheap credit is essential to avoid debt traps.³⁶

³⁴ http://hrrpnepal.org/media/105469/161110_briefing-pack_v3.pdf.

³⁵ This was found during research conducted by DRCN in September 2016. Further, private banks were found to be reluctant to give low-interest loans without credit assurances from the government. See the forthcoming IRM3 reports.

³⁶ The Asia Foundation (2016). *Aid and Recovery in Post-Earthquake Nepal Phase 2 – Synthesis Report (February and March 2016)*. Kathmandu and Bangkok: The Asia Foundation. <http://asiafoundation.org/tag/independent-impacts-and-recovery-monitoring-nepal/>.



Photo: Nayan Pokhrel

4. The program in practice

4.1. The agreement process

The CBS assessment reduced the number of beneficiaries in Gorkha and Dolakha compared to the previous beneficiary lists used to distribute emergency and winter cash grants.

The CBS assessment in Gorkha identified 58,503 households as being eligible for reconstruction grants, down from the number of households deemed eligible for the winter relief payment (65,742) but close to the number eligible for the initial shelter emergency cash grants (59,523). In Dolakha, 51,762 households were deemed eligible, significantly less than those eligible for winter payments (80,711 households) and for the first emergency shelter payments (62,951).

The process of cash grant agreements had started in both Dolakha and Gorkha at the time of research but progress differed significantly between the two districts.

As of mid-July 2016, there had been far greater progress in signing cash grant agreements in Gorkha than in

Dolakha (Figure 2 and Table 2). In Gorkha, 46,638 households of the 58,503 households deemed eligible by the CBS had concluded the cash agreement process (79.7 percent of eligible households). In contrast, only 21,540 households out of 51,762 (41.6 percent) had concluded cash grant agreements in Dolakha. In Gorkha, 46 out of 60 VDCs/municipalities in the district had reportedly concluded the cash agreement process while only six of 50 VDCs/municipalities had completed the process in Dolakha.

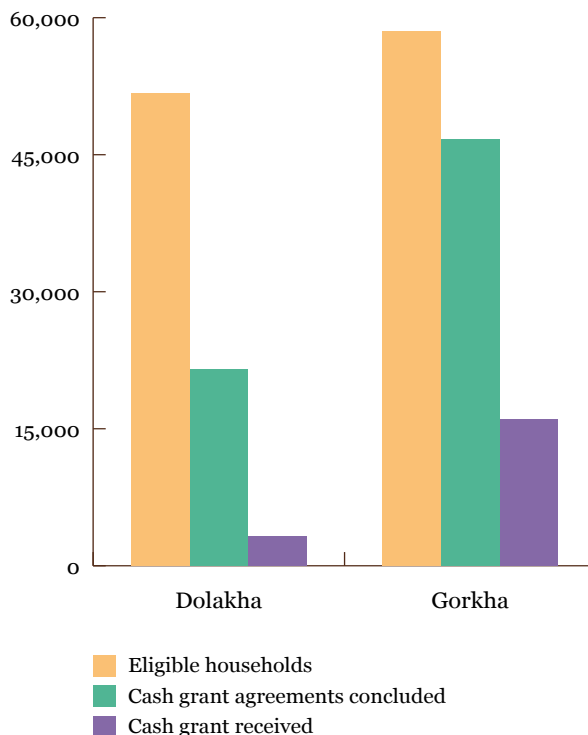
The cash grant agreement process had been completed in the two VDCs studied in Gorkha (Khoplang and Deurali), with all eligible households in Deurali VDC having received the first installment of cash in their bank accounts. In Dolakha, progress was slower due to protests and the resulting stalling of the distribution process. In both of the VDCs studied (Lamidada and Namdu), citizens protested against the cash grant agreement process claiming the CBS assessment had excluded genuine earthquake victims.

The slow progress of the cash grant agreement process in Dolakha meant that only 10,332 bank accounts had been opened and only 3,241 beneficiaries had received the first installment of the grant in their beneficiary bank account at the time of the research, just 6.3 percent of households deemed eligible for the reconstruction cash grants. In Lamidada VDC, 385 out of 1,266 eligible households had concluded grant agreements whereas the agreement process had been delayed in Namdu where the number of eligible households was 1,493. In contrast, 15,989 households had received the first installment in Gorkha (27.3 percent of those eligible). In Gorkha’s Khoplang VDC, 370 out of 1,321 eligible households had concluded grant agreements but were yet to receive the first installment of the grant in their bank accounts. In Deurali VDC, 791 out of 871 eligible households had both signed agreements and received the first installment of the grant in their accounts.

Protests and obstructions delayed the cash grant agreement process in several VDCs. These protests were caused primarily by the reduction of eligible beneficiaries after the CBS assessment.

In both Gorkha and Dolakha, there were protests against the CBS beneficiary lists, which stalled or delayed the agreement process, but in Dolakha they were more common. Political and citizen protests and obstructions in Dolakha caused delays in 16 VDCs and one municipality leading to the lower percentage of eligible households signing agreements in Dolakha compared to Gorkha (41.6 percent compared to 79.7 percent). The higher number of protests in Dolakha can be linked to the greater decrease in eligible beneficiaries in the district after the CBS assessment.

Figure 2: Number of cash grant beneficiaries, agreements concluded, and cash grants transferred—as of mid-July 2016



While the CBS assessment lowered the number of beneficiaries in most districts, the drop was significant in Dolakha where earlier assessments had been particularly generous.³⁷ In Dolakha, the number of households eligible for the reconstruction cash grant was reduced from 80,711 (winter cash grant recipients) to 51,762. In Gorkha, this number decreased from 65,742 to 58,503.

Table 2: Number of concluded cash agreements for house reconstruction as of mid-July 2016

District	# eligible households according to CBS	# cash agreements concluded	Percentage agreements concluded out of total eligible	First installment of cash grant received (in bank account)	Percentage eligible households received first installment (in bank account)
Gorkha	58,503	46,638	79.7%	15,989	27.3%
Dolakha	51,762	21,540	41.6%	3,241	6.3%

³⁷ Early assessments in Dolakha were generous in part due to the fact that the district had decided to list all traditional stone and mud houses as ‘fully damaged’ even if they had not been completely destroyed. This decision was taken after a number of complaints were raised by earthquake victims highlighting that such houses

are harder to repair and would likely have to be rebuilt even if only partially damaged. For details see: The Asia Foundation and Democracy Resource Center Nepal (2015). *Aid and Recovery in Post-Earthquake Nepal Phase 1 – Qualitative Field Monitoring (June 2015)*. Kathmandu and Bangkok: The Asia Foundation.

Protests took the form of delegations of earthquake victims, leaders, and in some cases, VDC officials visiting district offices to voice their concerns, the ‘padlocking’ of local government offices (locking and thereby obstructing the office), and largely peaceful obstructions of the grant agreement process in the VDCs (with locals, often led by political parties, refusing to cooperate). In both districts, protesters were concerned that the CBS assessment had excluded many eligible beneficiaries and demanded that all households who had received ‘red cards’ in previous assessments should again be included in the new beneficiary lists. In Gorkha, people padlocked the VDC office in Taple VDC for several days and a delegation of victims from Deurali VDC went to the District Administration Office (DAO) and the District Development Committee (DDC), together with the VDC Secretary, to raise their dissatisfaction with the new beneficiary list. In the VDCs visited in Dolakha, people with the support of Nepali Congress objected to the cash agreement process going ahead convincing eligible households not to cooperate and not to sign agreements. In Gorkha, protests stopped after the district administration and regional NRA offices assured protesters that they could file grievance forms and that the lists would be corrected through the official complaints system. In Dolakha, protests and obstructions went on for longer and were ongoing at the time of research.

Political parties were dissatisfied with their lack of formal involvement in the CBS assessment and the cash grant process.

Representatives from the major political parties expressed dissatisfaction over the lack of involvement of local leaders in enlisting beneficiaries and the cash grant distribution processes. Dissatisfaction of political leaders was particularly high in Dolakha, where political parties were involved in organizing protests against and obstruction of the cash grant agreement process. Political party representatives, especially from the Nepali Congress, also thought that the cash grant agreement and distribution process was too slow and that the cash should have been directly given to affected households. Some also questioned the relevance of the NRA as the cash grant process was implemented at the local level by already existing mechanisms such as DDCs and VDCs. While political parties were heavily involved in coordinating relief during the early months after the earthquakes through

their participation in relief committee meetings at the VDC and district levels, their involvement has decreased since the establishment of the NRA and new coordinating bodies such as the District Coordination Committee (DCC). However, citizens at the local level continue to look to leaders for support while also blaming them for any problems. This may explain the rising discomfort of political parties at the local level over their role in government recovery efforts such as the cash grant scheme.³⁸

While protests are one explanation for delays in Dolakha, other factors were also important.

The district’s Local Development Officer (LDO) explained that the fact that 14 VDCs were without a VDC Secretary also caused difficulties in completing on schedule.³⁹ In addition, VDC Secretaries were occupied with the closing of the fiscal year, which affected their ability to attend to the cash grant agreement process. Officials interviewed in Gorkha did not mention similar challenges but it is likely that the closing of the fiscal year would have had an impact on VDC Secretaries’ availability in all districts.

Where the cash agreement process was carried out according to the guidelines, it was found to be running fairly effectively, although there are still sometimes other problems that have prevented people accessing money.

In the VDCs where the cash grant process was not stalled, eligible beneficiaries were invited to the VDC office to sign agreements. In Gorkha, researchers were able to observe the agreement process directly in Khopleng VDC where it appeared to be well managed. Citizens from Ward 4 who were on the beneficiary list had been invited for the agreement process to the VDC Office where three different stations had been set up. The first station was for registration and the checking of required documents, which included proof of land ownership (*lalpurja*) and people’s citizenship certificate. In cases where the name of the beneficiary list was different from the current head of household, a certificate of kinship (*nata pramanikaran*) and a proof of land transfer (*naamsari*) were also required.⁴⁰ Once the required documentation was submitted, people were directed to the second station where the agreement itself would be signed. A third station was set up to process and issue the certificate of kinship

³⁸ This was confirmed by research conducted by DRCN in September 2016. See the forthcoming IRM-3 reports.

³⁹ VDCs in Nepal often remain without a VDC Secretary for prolonged periods of time, especially in remote and less populated areas. In such cases, one VDC Secretary sometimes looks after

several VDCs. Further, many Secretaries live in the district headquarters rather than the assigned VDCs, conducting most of their work from there.

⁴⁰ This would apply, for example, to cases where the beneficiary is abroad, deceased, or otherwise unavailable.

or a proof of land transfer (*naamsari*) for those who did not have them. Land ownership documents were not issued at this third station. Around 10-15 out of 70 people lined up to sign agreements in Khoplang VDC needed but did not have the kinship document. Researchers were unable to directly observe the agreement process in Dolakha but, reportedly, similar procedures, as per the NRA guidelines, were followed. However, and as explored in Section 4.3, even where people have signed cash grant agreements, they still sometimes have problems getting the cash from banks.

For individuals without the required land documents the cash grant agreement process can be challenging. This particularly affects the landless.

Problems arise when the person owning the land where the house needs to be rebuilt is abroad or deceased. ‘Ownership-transfer’ documents must then be produced. Around 8,000 households in Gorkha (around 14% of those eligible) were unable to complete the cash

agreement process as they were missing the required land ownership document (*lalpurja*). Researchers in Gorkha personally met several beneficiaries affected by this. Similar problems existed in Dolakha. In both districts, officials highlighted that this issue affected a significant number of households. Land in rural Nepal is often informally passed on to children without the official land ownership transfer documents. This means that, for example, children whose land officially remained in their parents’ name, even after they had died or split the land to give to their children, would not have the land documents and would be unable to sign cash grant agreements.

The landless living on public or *guthi* (trust) land were particularly affected by this as they, too, were without land ownership certificates. It is concerning that there appeared to be a lack of clarity at the district level on how to address these cases so that those who are eligible but do not officially own the land on which their houses were built can receive cash support.⁴¹

4.2. Complaints

Complaints about the beneficiary lists have been frequent but there has been little progress in resolving complaints.

According to the NRA sub-regional office in Gorkha, over 15,000 official complaints (grievance forms) relating to the CBS beneficiary lists were submitted in the district in July 2016.⁴² Over 17,000 such complaints had been registered in Dolakha according to district officials there. Grievance forms were submitted by those who were not included in the list but who claim they are eligible for cash grant assistance. Political party representatives were often found to be assisting people with filling out and submitting grievance forms.

According to the guidelines, complaints are collected and should be addressed by complaints mechanisms formed at four levels: the VDC/municipality level, the district level, the sub-regional NRA office, and

the central NRA office. Complaints that cannot be resolved are forwarded to the next highest level. Official grievance forms collected in a particular VDC could thus ultimately be processed by the NRA office in Kathmandu.⁴³ However, grievance mechanisms had not been formed or were not active in most VDCs in July 2016. In both Gorkha and Dolakha, government officials at the district and VDC levels seemed largely unaware of the specifics of grievance management procedures. While they had received guidelines outlining the composition of the grievance management committees, these fell short of prescribing how to settle complaints.

A regional NRA official said that the actual process of addressing filed grievance forms forwarded from the VDC level would begin only after the agreement process and grant distribution had been completed. Many complaints thus remained unresolved. In

⁴¹ Previous IRM reports have highlighted the problems of damage assessments focusing solely on the loss of property, especially homes, and of providing reconstruction support only to those who own land. This leaves those who were renting or occupying public land without support and often without alternatives. See, phase 1 and 2 reports in the series *Aid and Recovery in Post-Earthquake Nepal*. Kathmandu and Bangkok: The Asia Foundation. <http://asiafoundation.org/tag/independent-impacts-and-recovery-monitoring-nepal/>.

⁴² For a sample grievance form see, ‘Grant Distribution Guideline for Completely Destroyed Private Houses by Earthquakes 2072 (2015)’. http://hrrpnepal.org/media/105463/grant-distribution-guidelines_nep_160520.pdf; English: http://hrrpnepal.org/media/105464/grant-distribution-guidelines_unofficial-translation-eng_160520.pdf.

⁴³ ‘Grant Distribution Guideline for Completely Destroyed Private Houses by Earthquakes 2072 (2015)’.

Gorkha, district officers stated that they were aiming to start resolving complaints from early August 2016. However, research conducted by DRCN in September 2016 revealed that no actions had yet been taken to address individual complaints as district officials had not received detailed instructions on how to resolve more complicated cases.⁴⁴

Government officials did not seem confident about VDC-level resolution of complaints while local leaders and citizens were skeptical about central-level resolution.

District level government officials in Gorkha and Dolakha expressed doubts about the ability of VDCs/municipalities to resolve complaints as they are more susceptible to individual and political pressures such as

those encountered in previous rounds of assessments. On the other hand, VDCs/municipalities may forward a large number of complaints to the NRA precisely to avoid such pressures and local conflicts. Regional NRA offices, however, have not been given much flexibility to resolve more complex cases of complaints and grievances that cannot be addressed according to the guidelines issued by the NRA. Ultimately, a large number of complaints may therefore reach the central NRA office. Yet, local leaders and VDC officials were concerned about the central level's ability to understand local relations and complex realities and to resolve cases accordingly. How this will be dealt with remained unclear while a large number of complaints had already been collected and stalled. Clearer guidelines are thus needed to ensure complaints are addressed efficiently at all levels.

4.3. Cash grant transfers and access to beneficiary accounts

While the NRA had assigned responsibility to banks and financial institutions for the transfer of grants, the process of bank transfers was found to be lacking uniformity and to face logistical difficulties, delaying access to the cash grants.

Financial institutions were assigned responsibility for beneficiary cash transfers for certain areas. There was initially some duplication with multiple banks assigned the same areas but this was later rectified. As of 2 June 2016, the NRA had transferred NPR 12.44 billion to the District Development Committees (DDCs) through the Central Level Project Implementation Unit (CL-PIU) at the Ministry of Federal Affairs and Local Development (MoFALD) for the cash grants.⁴⁵ Once the list of agreements with eligible beneficiaries was finalized, it was sent to the DDRCs, which approved the list and directed the district Office of Treasury and Finance Control to approve and issue cash to the assigned banks. 'Dummy' accounts were then opened by banks for those eligible households who had concluded the cash grant agreement process. VDC/municipality officials informed the beneficiaries to go to their assigned bank with the agreement document and their citizenship certificate to activate the account and withdraw the funds once the 'dummy' accounts had been opened.

Where the government-owned Rastriya Banijya Bank was assigned, the process differed. The bank sent its own staff together with the agreement teams to process the paperwork to activate the beneficiary accounts directly in the VDCs. However, the biometric system used by the bank to record beneficiary information such as fingerprints did not always work. A few citizens interviewed said that they could not record their fingerprints due to technical difficulties and were unsure what would happen to their account.

By July, the first installment of the cash grant had been issued to banks for 20 VDCs in Gorkha, whereas in Dolakha, this process had only been completed for six VDCs due to the slower progress of the agreement process there. District level officials in Gorkha, including the head of the sub-regional NRA office and the Assistant CDO, asserted that the remaining VDCs would be completed by the second week of *Shrawan* (end of July) and that the process had been delayed due to difficulties reaching remote VDCs in the mountains. However, researchers had heard of only two VDCs where beneficiaries had started receiving the first installment in Gorkha. The number of households that had already received the first installment of the cash grant in their bank account in Gorkha was 15,989. In Dolakha, only 3,241 households had received the first installment in their accounts.

⁴⁴ DRCN conducted research in six districts in September 2016 for the third phase research of the IRM project.

⁴⁵ Progress Report, National Reconstruction Authority, 2 June 2016.

Access to banks that disbursed the cash was frequently cited as problematic, especially for those in remote areas.

Rastriya Banijya Bank had opened sub-divisions in the assigned VDCs/municipalities to make banking access easier. Most beneficiaries in areas assigned to private banks, however, had to travel to urban centers, such as the district headquarters, to access the assigned private bank branches and collect the cash grant. Private banks had expressed willingness to open sub-divisions in the VDCs but lacked the funds and human resources.⁴⁶

Political party representatives, in particular, have been very critical of this process as it is time-consuming: distances often necessitate days-long travel, which can cost several thousand rupees as it requires paying for transportation and accommodation. Research conducted in September 2016 revealed that people in remote areas often had to pay around NPR 5,000 on travel costs to access their bank account. In both districts, many remote areas do not have road access and it requires several days of walking to reach the district headquarters.

Even after reaching the district headquarters, some beneficiaries still had to visit the bank daily for three to four days in order to withdraw the cash grant. This was

due to the fact that most banks decided to distribute cash to only one hundred beneficiaries at a time to ensure continued services to other customers and due to a shortage of cash. Further, many beneficiaries travelled to the banks too early after their accounts had been opened but before the money arrived. This meant that they had to either wait or return once more after the money was deposited in their accounts.

Some beneficiaries were altogether unable to withdraw the money. Qualitative research conducted as part of IRM-3 in September 2016 revealed that spelling mistakes made by enumerators during the CBS assessment had longer-term consequences: names misspelled in the beneficiary lists meant that both the agreement document and bank account included the same mistakes.⁴⁷ To access their bank accounts, citizens had to show their agreement document and citizenship certificate. If the names on the bank account, agreement document, and citizenship certificate did not match, they were denied access. This problem affected many beneficiaries and some districts later issued guidelines on how spelling mistakes may be corrected. Yet, to correct such mistakes in their agreement documents, people generally had to travel back to their VDC to process documents at the VDC office before returning to the bank and resubmitting the required documentation.

⁴⁶ One donor in Kathmandu we spoke to asked whether the research had found out any information about the uses of branchless banks, which were considered a possible solution to making access to the grants easier. Branchless banks, however, were reportedly difficult to implement due to security concerns over transporting and storing large sums of cash in the villages. The field teams did not find branchless banks present in any of the VDCs visited and they were also not mentioned in either of the districts.

⁴⁷ There are a number of correct ways to spell Nepali names in English. Enumerators therefore often spelled names differently from the ways they were spelled in other official documents such as the citizenship certificate. Abbreviations of names were also often used, such as BDR for Bahadur.



Photo: Alok Pokharel

5. Transparency and flows of information

5.1. Flow of information from the NRA to the district level

Information flows from the NRA to the district level have been challenging as guidelines are general and continue to be changed at the national level.

The sub-regional NRA office in Gorkha conceded that they were “still figuring out their actual roles” and the NRA headquarters in Kathmandu were “constantly changing and updating different provisions as they are still learning by doing.” For those guidelines that had been issued on the cash grant process, local NRA and district officials were found to be well aware of specific provisions. Yet, these guidelines were considered by officials interviewed in both Gorkha and Dolakha to be lacking clarity and specific provisions on how to address challenges. Information on other promised schemes such as retrofitting assistance and loan schemes had not yet been disseminated to the local level. While waiting for further central-level guidance,

the primary focus of the local NRA offices, as well as district offices, was thus on collecting complaints and addressing protests and obstructions in order to complete the agreement process and distribute the first installment of the cash grant. Even here, however, the absence of specific guidelines has affected progress.

There does not appear to be much flexibility at the district level to adjust central-level guidelines or to develop their own.

In early 2016, following protests, the NRA promised flexibility on specific procedures and requirements of the cash grant distribution process, NGO involvement, and in dealing with local offices. Yet, districts did not seem to be given any flexibility to deal with issues specific to their district or areas within it. While communication is constant between the districts and the NRA central office in Kathmandu about experiences in the



A local man assisting earthquake victims with filling out bank forms in Ramechhap municipality—Photo: Alok Pokharel

district, the research in Gorkha and Dolakha revealed that when challenges arise, the districts cannot directly address these but rather report them to the NRA. The NRA is then meant to revise the guidelines or issue supporting guidelines to address the problem but it has not often done so. For example, a clear provision for landless families and households, those without the mandatory land ownership certificate (*lalpurja*), was found to be lacking in Gorkha. This need was communicated to the central office and local officials were waiting for guidance on settling the issue at the time of research. The district offices were also awaiting specific instructions on the resolution of complaints.

The fact the local offices were not granted the flexibility to adapt guidelines when necessary to address complaints and other challenges means that these issues are stalled until new central-level directives arrive. This has already caused delays, in particular for dealing with complaints. Further, some local residents expressed that they would prefer if the district had more flexibility to address grievances as they were concerned that the center might not be able to resolve complaints due to a lack of local contextual knowledge.

5.2. Flow of information from the district to the local level

Government officials at the VDC/municipality level were aware of NRA provisions but information channels varied.

The flow of information from the district level to the VDC/municipality secretaries was intended to occur through regular meetings between the Secretaries and the DDRC and NRA. VDC officials and engineers involved in the agreement process appeared to have clear information, although there was confusion regarding retrofitting, specific loan schemes, and what would happen to households who received the first installment but who were later unable to meet the building codes. In Dolakha, the NRA official claimed that VDC secretaries had been given several rounds of orientation. Yet, the VDC secretary of Lamidanda VDC said he had not participated in any such orientation although he admitted that it may have taken place without him as he had only recently been transferred to the VDC. The VDC Secretary here had changed twice in two months. VDC Secretaries interviewed in Gorkha were aware of and had attended orientation programs.

It was also claimed by district officials that political party representatives and civil society members, as well as the media, had been informed in Dolakha by the DDC. However, political party leaders in the VDCs visited in Dolakha stated that their source of information was the radio. Many criticized the fact that information on the cash grant agreement and complaints processes remained at the district headquarters and was not shared with local levels and, particularly, with citizens. For example, in Gorkha, a political party representative and a civil society leader felt that as informed people and the media were concentrated in the district headquarters, citizens in rural areas were left confused regarding the process.

Some NGOs in Gorkha were sending staff members to assist with the agreement process and the collection of grievances. For example, a local NGO was actively involved in the VDCs visited. The DDC had held meetings with non-governmental stakeholders to inform them about the process before they got involved. In Dolakha, NGOs were not involved in the VDCs visited, likely due to the fact that the agreement process had been delayed in most areas in the district due to pressures from citizens and political leaders.

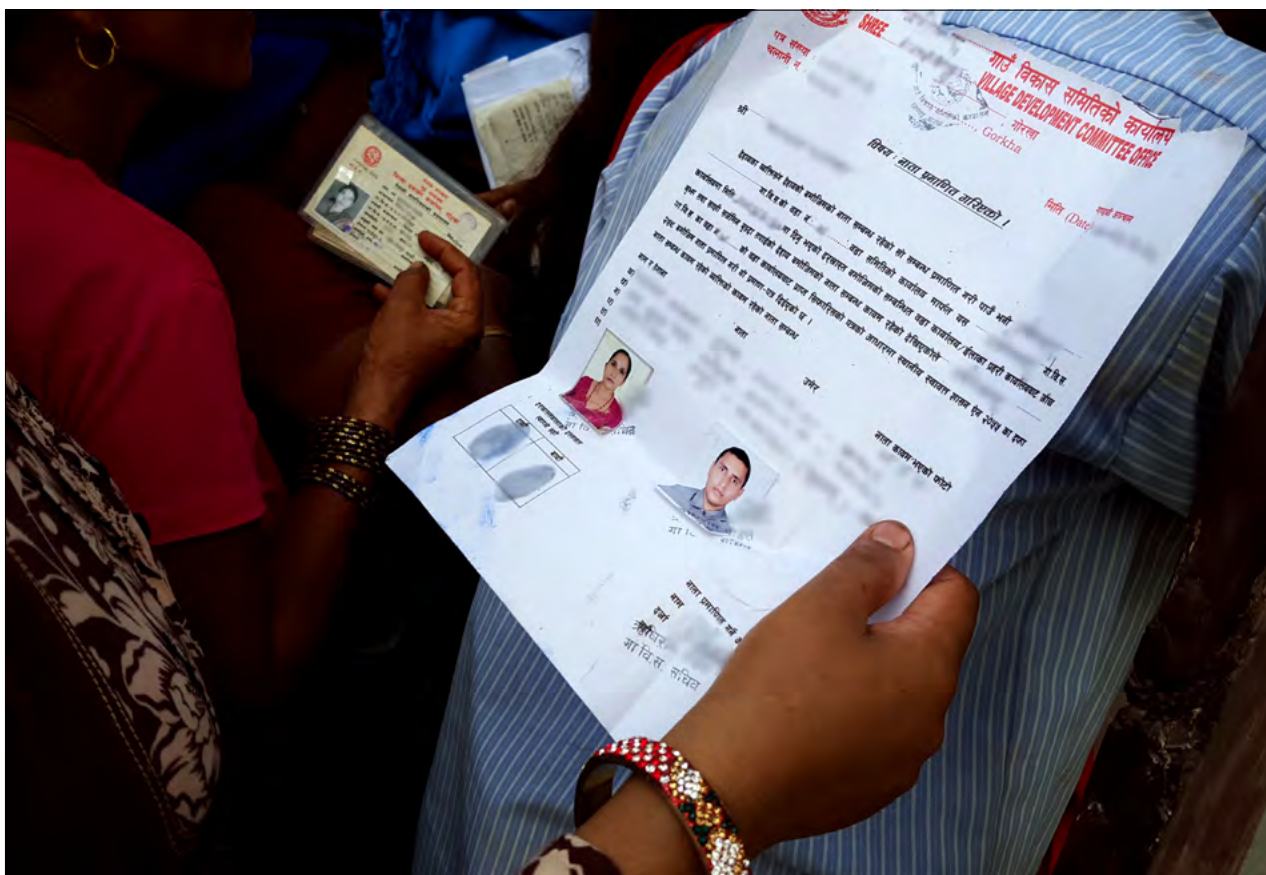
5.3. Awareness of citizens

Information channels were not formalized or regular and this affected the flow of information to local communities.

CBS beneficiary lists were publicly displayed at VDC offices. However, details regarding the CBS assessment, such as the guidelines for assessment teams, were not shared. For example, citizens in Dolakha were unaware of the reasons why the CBS assessment had reduced the number of beneficiaries drastically—from over 80,000 who received the winter relief to the final 51,762 on the CBS beneficiary list. Although citizens thought that the process of signing cash grant agreements was transparent in both Gorkha and Dolakha, they, as well as local leaders, highlighted the lack of information on complaints procedures, access to banks, and conditions of the agreement. They thought there was a need for extensive communication in local languages for the cash grant process and reconstruction to be successful beyond the first installment.

In VDCs visited in Gorkha, however, eligible beneficiaries were generally aware of the grant agreement process. Information on dates and documents required had been shared by the VDC Secretary, Social Mobilizers, NRA-deployed engineers, town criers, and the Ward Citizen Forum (WCF). Other informal channels such as local politicians and elders in the communities also helped spread information. Beneficiaries were aware of the dates of the cash agreement process, as well as the required documentation. The involvement of support staff from a local NGO helped ensure awareness and there was no evidence that anyone had been left out of receiving information regarding the cash agreement process.

In Dolakha, on the other hand, citizens were less well informed as there were strong objections to the process from both citizens and leaders and obstructions in most VDCs. In the VDCs visited in Dolakha, researchers found that citizens were unaware of the overall process and of when and where they would receive



Proof of kinship document needed by those related to identified beneficiaries to access cash grants on their behalf— Photo: Nayan Pokhrel

the grants. Fourteen out of 23 citizens interviewed in Dolakha were completely unaware of the cash grant distribution process. Many others were simply confused and were unsure about the eligibility criteria for beneficiaries and the details of the agreement process. For example, residents of Lamidanda VDC, where the process was obstructed, were waiting for the cash agreement process to be completed but had not been informed when it would resume. In Namdu VDC, around 20 citizens, mostly Dalits and *Janajatis* who had lost houses but who were not included in the beneficiary lists, did not know about the eligibility criteria for receiving the grant or about the complaints procedure. Maya, a resident of Namdu VDC, said, “My house is made from stone and mud and got severe cracks during earthquake. I am now living in a shelter. But my name has not been published in the beneficiary list. I don’t know who is eligible and who is not.”

Local newspapers and FM radio stations were used in both Dolakha and Gorkha to circulate information regarding eligibility and distribution processes. Political parties were less involved in spreading information. Party representatives in Dolakha said they would like to be more involved but were not given any information on the guidelines for the grant process and hence could only pass on the little information they had received from the radio.

Citizens were unclear regarding further steps and requirements after the signing of the grant agreement or after the receipt of the first installment in both Dolakha and Gorkha.

Less than five of the 22 citizens in Gorkha who were interviewed, and who were aware of the cash agreement process, were clear on the actual process of retrieving the cash grants and the conditions for usage. Citizens generally did not know which banks they would be receiving their cash installments from, even though the list of banks for all VDCs had already been published in newspaper advertisements by the NRA sub-regional office. Citizens in Dolakha were equally confused. In the VDCs visited, they were unsure about how to access their bank accounts and often had to visit the responsible bank branch repeatedly to receive information on how to activate their account and how and when to withdraw the money. Citizens were also concerned about how to make sure that they would receive the subsequent installments of the grant. They said they had not been given any information on this from the VDC Secretary or the NRA-deployed engineer, highlighting the lack of local level training on earthquake-safer building techniques. Some citizens did not expect to receive any support beyond the first installment.

Awareness of and information on retrofitting grants was low.

Although the CBS assessment lists houses according to damage grades, and the government plans to provide smaller cash grants for retrofitting of partially damaged houses, no retrofitting grant schemes have been implemented by the government until now. District and VDC officials and other stakeholders were unaware of retrofitting assistance and of which households might qualify for this. Almost none of the citizens had heard of the possibility of receiving such assistance. As a result, the focus was on fully damaged houses and on receiving the reconstruction grant rather than on planning for potentially cheaper, easier, and faster repairs through retrofitting. As discussed below, many actually used the reconstruction grant for repairs on their old homes, even though this is not allowed under the program's rules.

Although the government also has provisions for interest-free or low-interest loan schemes, this information has not been circulated to the public.

Beneficiaries in both Gorkha and Dolakha had heard 'rumors' about the government provision of these loans, but were uncertain about the specifics.⁴⁸ In Gorkha, only two of the 22 citizens interviewed said they would like to take a loan but they did not have a clear understanding of the government's loan schemes. Others thought that loans would be too big a burden and only those who are economically well-off would make use of loan schemes. Local leaders and officials were afraid that lacking proper information, people might think that the planned NPR 300,000 government soft loan for earthquake victims is an extension of the government cash grant that they do not have to pay back.

5.4. Information on building codes

Citizens were generally unaware that the reconstruction cash grants were intended as an incentive to rebuild earthquake-resistant structures.

The RHRP was intended to be a monetary incentive, accompanied by technical support, to build earthquake-resistant houses rather than as full funding for rebuilding. Yet there seemed to be different expectations at the local level. While many citizens had heard about the fact that there was a push for building earthquake-resistant houses, they were largely unaware of the fact that the cash grant was not designed to cover the full costs of rebuilding. Hence, many complained that NPR 200,000, or even NPR 300,000, would be insufficient for building a new house. Officials and engineers were concerned that costs for rebuilding would be significantly higher than the cash grant, leaving uncertainty about how victims would cover additional costs. The Chief Engineer of Gorkha, the Division Chief of the Department for Urban Development and Building Construction (DUDBC), and the NRA's District Level Project Implementation Unit (DL-PIU), argued that the minimum cost of building an earthquake-resistant house as per the NRA guidelines would be at

least NPR 600,000, excluding transportation costs which are very high in mountainous areas.⁴⁹ This raises questions on where people will find the additional money needed for reconstruction.

Researchers found that there was major confusion about following the correct building codes, as directed by the NRA, when using the reconstruction grant.

Engineers have been deployed by the government to provide orientation and information on building earthquake-resistant houses but citizens remain confused. In Gorkha, one engineer, one sub-engineer, and one sub-overseer went house-to-house to answer people's questions regarding the technical aspects of reconstruction. However, one such engineer was concerned that beneficiaries were not sufficiently informed about the process of how to use the cash grant to rebuild their houses.

This lack of clear information and training on building techniques is particularly pertinent considering that the NRA provisions require households to build the base of the house to be earthquake-resistant and

⁴⁸ http://hrrpnepal.org/media/105469/161110_briefing-pack_v3.pdf

⁴⁹ The issue of high transportation costs for construction and other relief materials was repeatedly highlighted in the first and second round of IRM. For example, during the first round of research, the LGCDP emergency grant to VDCs was found to be largely spent on transporting relief rather than the relief itself. During

the second round of research, concerns regarding transporting outside construction materials to rebuild homes were often raised. See, the phase 1 and 2 qualitative field monitoring reports in the series *Aid and Recovery in Post-Earthquake Nepal*. Kathmandu and Bangkok: The Asia Foundation. <http://asiafoundation.org/tag/independent-impacts-and-recovery-monitoring-nepal/>.

have it approved by the engineer before subsequent installments can be processed. More than 50 percent of the citizens interviewed in Gorkha had heard that only earthquake-resistant houses were eligible for the cash grant. However, none could explain what ‘earthquake-resistant’ meant. Very few citizens understood the concept and the specifics of building earthquake-resistant houses. Most were unsure about costs and how to build them. Only four citizens were aware that they had to build the base with the first installment of NPR 50,000 and have it approved by the engineer to be eligible to receive subsequent installments of the cash grant. At least five respondents stated they would use the first installment to build whatever they could, without knowledge of the building guidelines. In Dolakha, 18 of the 23 citizens interviewed had no knowledge of the house construction requirements.

Given the lack of knowledge on building codes, it is likely that many earthquake victims will receive only the first installment of the grant. Some even said they did not expect to receive the second installment knowing they would be unable to follow the government’s guidelines due to insufficient financial resources. There seems to be a real need for the NRA to mobi-

lize trained manpower to provide technical support, training, and supervision of the building codes and the progress of construction. Further, more clarity on other support schemes and government policies might help earthquake victims plan ahead and adhere to the building codes for earthquake-resistant houses. The inability of the NRA to finalize and share information on available loan schemes, for example, has likely prevented households from developing a comprehensive plan for rebuilding.

Engineers were deployed at a time when beneficiaries were concerned about getting their cash grant rather than building.

An engineer deployed in Gorkha said that the recruitment of engineers occurred when no construction was taking place, and that their expertise was under-utilized as beneficiaries were focused on receiving their funds rather than on building codes. An engineer deployed to Lamidanda VDC, Dolakha, stated that some buildings had already been constructed – without meeting the NRA requirements for earthquake-resistant houses, which disqualifies them from receiving the grant.



Photo: Anurag Devkota

6. The use of the cash grants

Although most say they intend to use the grant for reconstruction, some appear to have used it for other purposes.

Across all districts surveyed in September 2016, where the reconstruction grant program had been operating, one-quarter of those who received the grant said they had used (at least part of) the funds for retrofitting their previous house (Table 3). Only 44% said they planned to build a house using the accepted NRA models. Five percent had used (at least part of) the funds to pay-off loans and 10% had used funds for livelihoods support.

These findings fit with the qualitative fieldwork. In Gorkha, officials speculated that although most would use the cash grants for the reconstruction of houses, a primary need for people, a significant number may not use the cash grant to build a house. Some

households who were in need but who could afford to reconstruct houses have already built new houses. On the other hand, those who cannot afford to build a new house even with the grant might remain in shelters or badly damaged houses for a long time. A civil service representative suggested that even if the first installment was larger than NPR 150,000, many might not use it for rebuilding as they have other needs that require funds. An engineer deployed by the government noted that out-migration had increased and some beneficiaries might move out of the VDC to the district headquarters or other urban areas instead of rebuilding their homes.⁵⁰

Most citizens interviewed in Dolakha also said they would use the cash grants for reconstruction since they were currently living in unsafe buildings. Considering the urgent needs for rebuilding homes, local leaders, officials, and citizens thought it unlikely that

⁵⁰ So far, out-migration does not appear to have increased significantly in earthquake-affected districts. See: The Asia Foundation (2016). *Aid and Recovery in Post-Earthquake Nepal*

Phase 2 – Synthesis Report (February–March 2016). Kathmandu and Bangkok: The Asia Foundation.



Beneficiaries queuing outside the Rastriya Banijya Bank—Photo: Anurag Devkota

beneficiaries would waste the funds on “food and drinks”. A journalist said that the first installment might be used to repay debts incurred in purchasing materials to build temporary structures or repair damaged homes. Two citizens interviewed in Dolakha confirmed this stating that they would use the cash grant to repay loans taken to start constructing their homes, though they had not yet received the grant. Contrary to the civil service representative in Gorkha, a journalist in Dolakha felt that if the entire amount of NPR 200,000 had been given in a single installment, there would be more incentive for people to invest in

reconstruction, as NPR 50,000 was not sufficient to even begin construction.

Indeed, people believed that the full amount of the reconstruction grant would not be enough to build a house.

Only 2% of people surveyed in September 2016 felt that the NPR 200,000 would fully cover the cost of rebuilding while 72% said it would cover less than 25% of the cost of reconstruction (Table 4).

Table 3: What have people used the reconstruction funds for multiple answers allowed?
(IRM-3 survey data, September 2016)

District	Rebuild/retrofit previous house	Build new house using accepted NRA model	Build new house not using NRA model/not sure if new house will be NRA model	Pay off loans	Livelihoods support	For other things	For Dashain expenses	Refused to answer	Don't know/can't say
Dhading	25%	30%	10%	10%	30%	0%	0%	0%	5%
Gorkha	8%	58%	6%	12%	12%	3%	0%	1%	5%
Nuwakot	3%	92%	3%	3%	8%	0%	0%	0%	0%
Ramechhap	53%	37%	1%	0%	1%	1%	0%	0%	8%
Sindhupalchok	14%	53%	17%	0%	6%	3%	0%	0%	8%
Okhaldhunga	7%	40%	7%	7%	13%	0%	0%	0%	27%
Solukhumbu	14%	0%	0%	0%	7%	0%	0%	0%	79%
All surveyed districts	25%	44%	4%	5%	10%	1%	0%	2%	11%

Table 4: How much of the cost of reconstructing/rebuilding your house would the NPR 200,000 cover?
(IRM-3 survey data, September 2016)

District	Less than 25%	25-50%	51-75%	Most (over 75%)	All	Refused	Don't know/can't say
Dhading	61%	33%	1%	1%	1%	0%	2%
Gorkha	60%	32%	4%	1%	0%	0%	2%
Nuwakot	85%	13%	2%	0%	0%	0%	0%
Ramechhap	71%	26%	0%	0%	0%	0%	3%
Sindhupalchok	74%	22%	1%	0%	0%	0%	3%
Bhaktapur	96%	2%	1%	0%	1%	0%	0%
Kathmandu	88%	2%	0%	1%	1%	2%	7%
Okhaldhunga	47%	41%	3%	1%	1%	0%	6%
Lamjung	54%	22%	2%	2%	0%	0%	19%
Solukhumbu	15%	49%	11%	3%	21%	0%	1%
Syangja	6%	31%	19%	13%	6%	0%	25%
All surveyed districts	72%	20%	2%	1%	2%	0%	4%

Those in remote areas face additional challenges to construct as per the NRA guidelines due to high transportation costs.

Considering that the minimum cost of an earthquake-resistant building based on the government's provisions is estimated to be at least NPR 600,000, excluding transportation, reconstruction costs for earthquake victims in remote areas are particularly high. In Gorkha, some VDCs are as far as a seven-day walk to the district headquarters. Giving an equal amount to those in remote areas and to those living in urban centers was therefore considered to be unfair by citizens. Some speculated that the entire first installment might have to be spent on transportation costs or even just on travelling to the district headquarters to collect it. There was widespread agreement that construction costs will be extremely high in remote areas where transportation fares will render the cost of materials exorbitant. People in Dolakha highlighted that since prices have risen after the earthquake, the cash grants would be worth less.

The shortage of skilled labor and the associated increase in wages is likely to affect adherence to building codes.

Deployed engineers and officials as well as local leaders highlighted that more skilled, and better-trained, masons than currently available would be required once people began to rebuild their houses. In Gorkha, the average daily wage of semi-skilled local masons had more than doubled from NPR 400-500 to NPR 800-1,200 per day. In Dolakha too, wages doubled to NPR 800-1,000 per day.

Few households had received the cash grants and begun rebuilding and, as such, it is too soon to see whether the cash grants will further affect wages. However, with a pre-existing lack of skilled labor, it is safe to assume that when most beneficiaries begin receiving the grants and building at the same time, wages (and thus costs) will rise. As a political party representative in Gorkha stated, "youth are no longer living in the village and there will be a severe shortage of human resources when people start building their houses at the same time."

A comprehensive agreement with banks regarding the provisions of loan schemes is necessary to improve access to credit and avoid debt traps.

Although part of the program is meant to include the provision of low interest loans with a group guarantee, this was dismissed by the manager of a local bank as "utterly undoable" unless the government and central bank gave official guarantees on the risk and return. He was citing past cases where such interest-free loan schemes had been very problematic for the banks involved with high cases of default and no assurance of return. The NRA sub-division head in Gorkha acknowledged that the focus was on the distribution of the first installment of the cash grant and suggested that the idea of loans would only be relevant after all three installments were complete and it became clear that people needed more funds to complete reconstruction. Yet, given that the cash grant is insufficient and distribution slow, access to credit seems urgent for many of those who have to rebuild their homes.⁵¹

⁵¹ Findings from the second round of research of IRM show that borrowing from formal and informal sources increased in the absence of comprehensive and timely reconstruction assistance schemes, highlighting the widespread urgent need for credit and the potential for debt traps, especially for disadvantaged

and marginalized groups. See, The Asia Foundation (2016). *Aid and Recovery in Post-Earthquake Nepal Phase 2 – Synthesis Report (February-March 2016)*. Kathmandu and Bangkok: The Asia Foundation.



Photo: Chiran Manandhar

7. Recommendations

7.1. Make access to beneficiary bank accounts and the cash grants easier

While the agreement process was conducted locally, mostly at VDC offices, and hence was generally accessible for beneficiaries, people face greater logistical challenges accessing their bank accounts and, ultimately, the money. These include the need for some to travel long distances along difficult terrain to reach banks, long queues at the banks, as well as problems for those unable to go to the bank themselves, those missing required documents, or with conflicting documents due to mistakes made by CBS enumerators or resulting from technical difficulties. At the time of the research, information on the percentage of beneficiaries who were unable to withdraw the money was not yet available. However, there were indications that a significant number might be unable to access the cash grants, at least in the near future. It remained unclear whether and when people who encountered problems withdrawing the grant would be able to access it.

Recommendations:

- 1) Make the cash withdrawal process easier and more accessible, especially for those in remote areas far away from bank branches.
- 2) Clarify procedures for accessing the grants and counter common rumors and misconceptions. This is particularly needed for those who have received money in their bank account but who are unable to access the accounts themselves or who are lacking adequate documentation.



A house rebuilding in Dolakha—Photo: Chiran Manandhar

7.2. Improve access to credit and to information on the terms of cash grants and loan schemes

There was general agreement among officials and citizens in Gorkha and Dolakha that the cash grant of NPR 200,000 was not sufficient to build a house based on the building guidelines provided by the government. Moreover, the requirement of building an earthquake-resistant foundation with the first installment of NPR 50,000—a prerequisite for receiving further installments—was thought to be extremely problematic, in particular for people residing in remote mountainous villages due to the high costs of transporting construction materials. While information regarding the cash grants agreement process was widely circulated through different channels, beneficiaries showed little or no awareness about building codes and soft loan schemes. Further, local branches of private commercial banks ruled out the possibility of group guarantees or soft loans unless the government or the central bank guaranteed their payback. Many thus suspect that earthquake-affected families will only receive the first installment and use it to either pay already existing debts, construct weak temporary shelters, or will spend it on livelihoods and consumption.

The above mentioned challenges put many earthquake victims, especially those who are economically and socially disadvantaged and unable to access bank loans or draw on other resources, at risk of debt traps (if they borrow from informal lenders) or of permanently remaining without proper shelter.

Recommendations:

- 3) The government should make low-interest or interest-free loans available and clarify the terms of credit assistance. If private commercial banks are to be involved, their concerns regarding payback guarantees need to be addressed.
- 4) Information on the terms of cash grant agreements and the required building codes need to be communicated more effectively to earthquake victims alongside training for engineers, construction workers, and other local stakeholders on earthquake-resistant building techniques.

7.3. Clarify central-level policies and improve information sharing and management

Better coordination between the NRA and different government agencies at the district-level is needed to increase trust and cooperation. NRA officials' role was to coordinate cash grant distribution rather than implement the process, which was led primarily by VDC secretaries and monitored by engineers deployed by DUDBC. Government officials implementing the cash grant process, however, resented having to take the blame for flawed policies enacted by the NRA and saw the NRA as merely another layer of bureaucracy.

As some of the policies enacted at the central level were deemed impractical or even impossible to implement at the local level, adjustments were made in an ad-hoc, 'learning-by-doing', manner by local NRA and government officers alike in the districts. As challenges emerged during the process, some could be addressed locally, such as issuing new documents required to sign agreements, but others remained unaddressed or postponed for the time being, such as resolving many of the complaints submitted about the CBS beneficiary lists or private banks not planning to provide low-interest group loans. Interlocutors doubted the ability of already over-burdened and under-equipped VDC secretaries to effectively resolve disputes and address complaints amidst potential political interference. And local branches of private commercial banks refused to give group soft loans without guarantees.

Recommendations:

- 5) To improve cooperation between local government offices and the NRA, and to adjust impractical policies, two-way channels for information sharing on policies and challenges relating to implementation need to be formalized.
- 6) Policies and mechanisms for resolving complaints need to be adjusted to reflect common local concerns and widespread dissatisfaction with damage assessments and beneficiary lists, and to allow for effective dispute and complaints resolution and, ultimately, the correction of mistakes in the beneficiary lists. Existing Government of Nepal guidelines for dispute resolution under the National Mediation Act, as well as existing government certified mediators in the affected districts, could be used to help resolve complaints.
- 7) More rigorous monitoring and evaluation systems need to be developed to track progress that include not only cash deposited into bank accounts but cash that is withdrawn, problems people have, and what the cash is being used for.



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