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Promoting economic recovery in Nepal: cash coordination in action



William Wallis

All blogs

Every disaster is different, and humanitarian agencies are constantly learning and improving their responses based on prior experience, write William Wallis and Alesh Brown.

At The SEEP Network, we have been closely following the Nepal earthquake response — particularly the work of SEEP members—to identify good practice consistent with the [Minimum Economic Recovery Standards \(MERS\)](#). Several of our certified MERS trainers that not long ago were responding to Haiyan are now in Kathmandu. SEEP talked to one of them, Alesh Brown, who is leading the World Vision Cash and Markets Learning Lab, and is actively engaged in the Cash Working Group to get a situation report from the ground. Alesh, who until recently had been working with Dan Church Aid and the Government of the Philippines to establish a Livelihoods Coordination Platform, gave us some insights on the innovations taking place in the Nepal earthquake response.

Current situation

In addition to the massive loss of human lives, buildings and infrastructure have been significantly damaged or impaired. According to the UN Office for the Coordination of Humanitarian Affairs (OCHA), 8.1 million people need assistance, but of the \$423 million required by flash appeal funding, only \$94 million (or 22 percent) has been received.

Several challenges are emerging in the response, and the pending danger of monsoon season is urging aid workers to hurry up. One massive barrier is the prevalence of cash as the preferred method of aid delivery. Thirty agencies have

reported they will be implementing Cash Transfer Programs as modality of intervention. However, the government of Nepal is discouraging unconditional cash transfers, viewing these as having the potential of creating dependency and being unsustainable in the long term beyond the immediate response phase.

According to Alesh, four subgroups have been established by the Cash Working Group, being hosted by the UN OCHA office in Nepal, to improve coordination and to promote transparency towards beneficiaries:

Market Assessment

Financial Service Provider (FSP) Mapping

Cash standards/policy

Activity Mapping (4W)

Market Assessment

This is a great example of innovation in the Nepal response. AKVO and Dan Church Aid developed a mobile market assessment app based on the International Federation of the Red Cross [Rapid Assessment for Markets \(RAM\) tool](#), funded and developed by AKVO and Dan Church Aid. This unified market assessment tool has proven to be an advanced and sophisticated assessment tool. It is, in essence, a trader survey to collect data and determine whether traders are able to meet increased demand in the event of a cash injection via cash transfers. The app provided a quick and easy market assessment. The rapid assessment helped to identify how critical markets are working and the extent to which markets can stock up and increase demand.

More detailed and updated information has just been published by the [Samarth Project](#):

[Early Agricultural Market Led Recovery in Nepal](#)

[Rapid Market Analysis Dairy Sector](#)

[Vegetable Sector Market Analysis](#)

[Agricultural Inputs Sector Analysis](#)

Financial service providers

Prior to the earthquake, the United Nations Capital Development Fund (UNCDF) published two key documents which analyse the capacity of FSPs in Nepal, as well as consumer preferences: [Understanding Demand for Financial Services in Nepal](#), and [Assessment of Agent Networks in Nepal](#). These publications provide a glimpse of existing banks, microfinance institutions (MFIs), insurance companies, cooperatives, remittance service providers, and informal money lenders in Nepal, and look at the preferences of clients. According to the first study, commercial banks and cooperatives are the most common financial service providers in Nepal,

followed by informal groups, MFIs and remittance companies. UNCDF also found that Nepal has a large cooperative banking sector, but one which needs to improve its technical capabilities, regulation, and monitoring to ensure compliance with minimum financial standards. The FSP working group is approaching Nepalese financial service providers to understand their liquidity needs after the earthquake. They are mapping out existing providers, including remittance services as well as Class A (commercial banks), B (development banks), C (finance companies) and D (micro-credit banks) with branch offices and ATM networks in 14 affected districts. There are ongoing questions regarding coverage, liquidity, ID and Know your Customer regulations—as well as how to sustainably grow the network of FSPs beyond the emergency.

Cash standards

This group has been working on ongoing issues around the use of unconditional/multi-purpose cash transfers, cash for work and other modalities. The Nepali government wants aid to go to a unified government relief fund, with village district committees as the principal channel to deliver aid. The government does not favor unconditional cash transfers. Another critical issue relates to registration and identification systems, as many vulnerable households may have lost, or indeed never had, IDs. In light of this, relief agencies have started issuing temporary humanitarian assistance cards, helping to monitor the distribution of resources geographically and across sectors. The government has called for a “one window system,” to connect all the separate systems. (This is similar to what Alesh previously developed under www.apt-info.org in the Haiyan response.)

This group, led by Save the Children, has established that cash-based interventions need to cover a minimum expenditure basket of an estimated USD \$75 for a five person family for one month.

One issue that remains unaddressed is targeting: reaching those most in need, the most vulnerable groups, and groups that are less visible.

Activity mapping

The last subgroup in the Cash Working Group is working on a mapping activity to show who is doing what, where, and when (4Ws), in order to track interventions, ensure coordination is effective, and ensure that humanitarian needs are met. Within this, agencies are mapping both the distribution of cash modalities across sectors and geographic areas, as well as the coverage and scope of market assessments. This data is then fed into the Activity Tracking Matrix, a 4W matrix used by OCHA.

To be continued

There are several interesting innovations taking place in Nepal at the moment. We will continue to look at how the response evolves and look forward to seeing more examples of good practice. Stay tuned for a second part of this blog when SEEP talks to more MERS trainers in the region. SEEP is working with Sphere regional focal point Community World Service Asia to provide briefings and orientation on MERS to humanitarian aid workers in Nepal.

William Brian Wallis is a senior program associate for SEEP Network and is responsible for managing the Minimum Economic Recovery Standards programme. This blog was originally published on the [SEEP Network](#).