Independent Impacts and Recovery Monitoring Phase 3: September 2016

Synthesis Report
In the early weeks after the earthquakes of April and May 2015, The Asia Foundation conducted a study aimed at assessing its impacts on the ground and understanding whether the emergency aid that was flowing in to affected areas was helping people recover. Using both quantitative and qualitative methods, the initial study highlighted just how destructive the earthquakes had been and the immense challenges that would lie ahead. Since then, two further rounds of mixed methods research have been conducted in the same areas, allowing for a tracking of how recovery has been occurring. The second round of research, which involved fieldwork almost a year after the disasters, highlighted new emerging issues. Borrowing had risen massively and the reports discussed the potential for the poor and marginalized to get stuck in a vicious debt trap. Very few at that point had moved from temporary shelters into more sturdy housing. It was clear that the livelihoods of many people, in particular farmers, was recovering very slowly. And tensions were brewing related to a series of contentious damage assessments and perceived mistargeting of aid.

This report presents findings from the third round of research, conducted in September 2016 almost eighteen months after the earthquakes. Because each round of research takes place in the same areas, with the same people interviewed where possible, the series of studies provides insights into how people’s experiences and perceptions are evolving over time.

Between the second and third round of fieldwork, the process of distributing reconstruction cash grants to those whose houses were destroyed or badly damaged, and who were identified as beneficiaries during a new round of assessments, began. This report provides insights into this process and the impacts it has had. It also looks, amongst other things, at overall progress made with regards to reconstruction in the research areas, the make-up of aid in the earthquake-affected zone, and remaining needs. Further, the report discusses the roles and involvement of political parties and other local leaders during reconstruction, changes to social relations, protection issues and vulnerable groups, impacts on the local economy and people’s livelihoods, and the coping strategies people are using and their effectiveness.

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This report summarizes and synthesizes findings from the third round of the Independent Impacts and Recovery Monitoring (IRM) project in post-earthquake Nepal. IRM consists of in-depth qualitative fieldwork and large quantitative surveys conducted in earthquake-affected areas. The synthesis report was written by Lena Michaels, Sasiwan Chingchit, and Patrick Barron.

The qualitative work was conducted by researchers from Democracy Resource Center Nepal (DRCN), led by Sudip Pokharel and coordinated by Apurba Khatiwada. Analysis of the data was done by Apurba Khatiwada, Soyesh Lakhey, Amanda Manandhar Gurung, Shekhar Parajulee, and Sudip Pokharel, who co-authored the qualitative report with TAF contributors, Lena Michaels, and Sasiwan Chingchit. Special thanks goes to the team of researchers for their dedication in the field: the lead researchers Anubhav Ajeet, Chiran Manandhar, Ishwari Bhattarai, Nayan Pokhrel, Shekhar Parajulee, and Subhash Lamichhane; and the researchers Alok Pokharel, Anurag Devkota, Binu Sharma, Janak Raj Sapkota, Punam Limbu, and Tanka Gurung.

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The IRM research is directed by Patrick Barron with assistance from Sasiwan Chingchit. Lena Michaels coordinates the project in Nepal with support from The Asia Foundation-Nepal.
Executive Summary

This synthesis report combines and summarizes findings from the third wave of the Independent Impacts and Recovery Monitoring for Accountability in Post-Earthquake Nepal (IRM), a longitudinal mixed method research project designed to monitor aid impacts and patterns of recovery in earthquake-affected areas. The first round of research was conducted in June 2015 and the second in February-March 2016. Fielding of the third round was carried out in eleven affected districts for the quantitative survey and in six districts for the qualitative component in September 2016. Districts included those in four categories of earthquake impact identified by the government’s Post-Disaster Needs Assessment: severely hit districts (those most affected), crisis hit districts (second highest impact category), hit with heavy losses districts (third category), and a hit district (the least impacted of those affected).

At the time IRM-2 was being conducted, the National Reconstruction Agency (NRA) had only just begun its work. Since then, the NRA has focused largely on housing reconstruction, in particularly through the Nepal Rural Housing Reconstruction Program (RHRP), which is supported by a multi-donor fund. Under the RHRP, which emphasizes owner-driven reconstruction, cash grants of NPR 300,000 are provided in three instalments to eligible beneficiaries to aid them in building earthquake-resistant houses. By September 2016, when IRM-3 was conducted, the signing of beneficiary agreements and distribution of the first installment of the reconstruction cash grant was underway in 11 districts, including four visited in the qualitative fieldwork and eight where the quantitative survey was conducted. However, many people had not yet received cash in hand and progress in reconstruction remained slow. Since then, there has been more progress with the RHRP. However, because these developments came after fieldwork was conducted, they are not covered in this report. It is within this context that IRM-3 presents a picture of recovery, aid effectiveness, and coping strategies of people in affected areas, one and a half years on from the earthquakes.

Recovery

Housing and shelter. As of September 2016, more people had moved back into permanent housing but the number of people in temporary shelters was still very high in severely hit districts. People from marginalized groups were disproportionately likely to still be living in shelters. Movements to and from shelters were significant between all research rounds. While many people left their temporary shelters to move back into their houses, some also moved out again, returning to temporary shelters or moving into the homes of others after realizing that their house or the land it was on remained unsafe. Those staying in shelters had faced two monsoons and one winter since the earthquakes by September 2016. Many shelters were not suited for adverse weather causing people to fall sick during the monsoon months.

Progress in the reconstruction of homes had been slow. Of those whose house was impacted, most people had done nothing to repair or rebuild. A lack of money was the primary factor that prevented people from starting to rebuild their houses. Larger sums were needed to rebuild compared to pre-earthquake times as construction costs had increased significantly. Other commonly cited reasons were people waiting to receive the reconstruction cash grant or a lack of knowledge on procedures and technical requirements of the cash grant program.

Livelihoods. Different livelihoods continued to recover, with recovery more widespread in mid-2016 compared to early 2016. Very few have changed livelihoods since the earthquakes. However, many pre-existing hardships were exacerbated, pushing those already poor further into poverty, especially poor farmers and Dalits.

Food. The need for food in all affected districts declined in IRM-3 compared to earlier research rounds and food consumption has remained similar between IRM-2 and IRM-3. Severely impacted districts and more remote and rural areas reported the greatest need for food.
**Trauma and vulnerability.** Many people were still suffering psychologically from the earthquakes. Extreme fear and startling while sleeping were the most common psychological effects. The displaced and those living in temporary shelters remained among the most vulnerable groups. Landslides also continued to be a common worry and risk factor. Geological landslide assessments remained important to assess risks and determine long-term resettlement for the displaced. Inequality and prevalent forms of exclusion and discrimination are negatively affecting the recovery of marginalized groups, especially of Dalits who stood out as a highly vulnerable group in IRM-3. People in very remote areas were also facing greater obstacles to accessing aid and rebuilding their houses. Women, children, and the elderly faced particular challenges and continued to be seen as particularly vulnerable groups.

**Aid delivery**

**Coverage of aid.** The coverage of aid declined massively between IRM-2 (February-March 2016) and IRM-3 (September 2016) with only 15% receiving aid now. The drop in the coverage of aid was true for different types of assistance including relief, material aid, and cash support.

The government remained the most prominent aid provider, followed by INGOs and NGOs. The share of people receiving aid from individual donors declined significantly. Government and non-government providers offered different types of assistance. The government focused on the distribution of cash grants while INGOs mostly provided ‘soft’ forms of aid through trainings, awareness raising, and technical assistance.

**Needs.** Needs have changed over time but the drop in aid coverage did not correspond with any declining demand for aid. On the contrary, as time passes, the gap between needs and aid provided seems to be increasing. This was exacerbated by the fact that there seemed to be no shared understanding and little coordination at the local level to identify and prioritize needs. Cash and construction materials remained the most widely cited need.

**Housing reconstruction program.** Overall, perceptions of the RHRP were not favorable. People were more satisfied with the agreement process than with the assessment to determine eligibility or with access to the grant. Dissatisfaction was highest over the size of the cash grant. While the grant was intended as incentive to build earthquake-resilient buildings, not to fully cover construction costs, many were dissatisfied with the amount as they thought it was insufficient. Estimates of construction costs show that the grant will likely only cover a small share of the costs. The government has made provisions to provide soft loans to help with housing reconstruction but this had not happened in practice at the time of research. Few planned to use the first installment of the cash grant for the intended purpose. Limited technical assistance was provided at the time of research. Where deployed engineers were present, they were often inactive and waiting for cash grants to be distributed and rebuilding to begin.

**Coordination.** Coordination was generally weak at the local level, both between different government offices and between government and non-governmental organizations. Overlap of or confusion over respective responsibilities hindered effective coordination and affected the reconstruction process.

**Communication and satisfaction with aid providers.** Satisfaction with every aid provider decreased significantly between IRM-2 and IRM-3. People said dissatisfaction with I/NGOs was rising because of their alleged disregard of people’s needs when designing and implementing programs. Increasing dissatisfaction with the government and political parties was largely due to delays in the provision of cash grants, unclear policies and information, and delays in addressing complaints. Perceptions of the fairness of the distribution of aid by VDCs or municipalities also markedly declined. Fewer people than before thought that everyone could get aid according to their needs than in the past. The most common source for information about aid were neighbors, radio, the VDC office, and Ward Citizen Forums. However, levels of satisfaction with communication with aid providers were low. People did not feel that they could communicate well with aid providers, especially those removed from the local level.

**Coping strategies**

**Borrowing.** The proportion of people borrowing in IRM-3 remained similar to IRM-2 but was much higher than in IRM-1. Amounts borrowed also increased since IRM-1. Average monthly interest rates for many sources, especially informal ones, increased slightly since IRM-2 suggesting a growing demand for credit. Livelihoods, food, and rebuilding houses were the main reasons for borrowing. Shelter-related borrowing (temporary shelter, rebuilding houses, improving temporary shelters) was concentrated in the severely hit districts. There were indications that borrowing is likely to increase over time. Many said they planned to borrow in the near future to cope with the impacts of the earthquakes.

Borrowing was higher among already vulnerable groups. People in remote and rural areas, in severely
hit districts, low caste individuals, those with lower income, and those in temporary shelters reported higher rates of borrowing. These groups were borrowing more frequently, at higher interest rates, and were more likely to say that they planned to borrow in the near future. Repeat borrowers have been less likely to see livelihoods recovery or to move home and have been more likely to see reductions in food consumption. Rising debts were a worry for many households and the risks of debt traps were increasing. Dalits faced particular difficulties accessing credit especially from formal sources.

**Migration and remittances.** People in severely hit districts were slightly more likely to have moved since the earthquakes. The most common reason for migration were lack of shelter, lack of livelihoods, and landslides. The volume of remittances received remained largely the same. The share of household identifying remittances as a main income source grew over the three research rounds but the number of those reporting to have received them has declined. However, many households said they were planning to send at least one family member abroad for work if they faced difficulties paying for the reconstruction of their houses and to pay back loans.

**Politics, social cohesion, and conflict**

**Political parties.** With the decline in emergency relief, and the increasing focus on reconstruction, the formal influence of political parties over the coordination of assistance reduced. Yet, political parties’ role in local governance remained the same. And in many areas, political party representatives were informally involved in the cash grant agreement process, initially by supporting local obstructions and later by negotiating agreements to resume the process and by facilitating communication between government offices and local communities. Dissatisfaction with political parties, however, was high but this did not lead to changes in which political party people said they were supporting.

**Social relations, security and crime.** Most people felt safe. There was no change in the proportion of people feeling safe between the last two rounds and very few people reported any violent incidents in their community. Social cohesion has also generally been strong since the earthquakes and social relations remained largely unchanged between IRM-2 and IRM-3. Conflicts and tensions continued where local disagreements over displacement and resettlement had not been addressed. Caste-based discrimination was also common. Water shortages seemed to aggravate tensions. Conflicts may escalate in the future if tensions related to resettlement, water shortages, and caste-based discrimination remain unaddressed. Further, frustrations of earthquake victims over the slow pace of reconstruction and policy changes may rise if assistance is delayed further.

**Focus areas and recommendations**

The report presents independent recommendations which are not necessarily those of the UK or Swiss governments:

1) **Shelter and housing reconstruction**

- Communicate information on government cash grant procedures more quickly and clearly to local government offices and citizens. Local stakeholders, who are close to affected communities, should be utilized more for sharing information.
- Collect information on challenges related to accessing the grants after agreements have been signed, and on the number of people who have yet to withdraw the grant from bank accounts.
- Technical assistance during reconstruction needs to be more widely available.
- Strengthen coordination mechanisms and information flows between the NRA and government line ministries in Kathmandu, districts headquarters, and the local level. Roles and responsibilities of different bodies need to be more clearly defined.
- Develop plans for the clear transfer of responsibilities related to reconstruction and recovery work to new local bodies after local body restructuring.
- Improve the quality of shelters for the medium-term and prioritize programs to mitigate the consequences of staying in temporary shelter (targeted health support and medicine, temporary water and sanitation facilities, women’s security).
- Complete assessments to determine whether people can return to and rebuild on land deemed to be at risk. Clearly communicate the findings of such assessments to local stakeholders and affected households.
- Generate policy for supporting the permanent resettlement of displaced households unable to return to their land.

2) **Debt and borrowing**

- Expand soft loan programs, strengthen communication about them, and ensure they reach those in remote areas and marginalized groups.
- Ensure better awareness of government low interest loans in particular and make these more widely available. Central-level loan policies may need to be revised to ensure better access for those in need of credit.
3) Needs beyond reconstruction

- Strengthen communication channels for local communities to express their needs.
- Track long-term psychosocial impacts of the earthquakes and their implications for recovery and expand psychosocial support for earthquake-affected communities.
- Continue to provide livelihood support to help generate incomes for poor households, especially for farmers.

4) Making sure the marginalized do not get left behind

- Pay more attention to the specific challenges of vulnerable groups to facilitate special assistance that enhances their ability to recover. This includes the need to develop a greater understanding of who is vulnerable in local areas and the factors preventing vulnerable groups from recovering.
- Targeted aid should be context-sensitive; this means local communities need to be informed of and involved in the development and implementation of targeted aid programs to avoid conflict.
LIST OF ACRONYMS

CBS  Central Bureau of Statistics
CGI  Corrugated Galvanized Iron
CL-PIU  Central Level Programme Implementation Unit
CPN-UML  Communist Party of Nepal (Unified Marxist Leninist)
DCC  District Coordination Committee
DDC  District Development Committee
DDRC  District Disaster Relief Committee
DFID  UK Department for International Development
DRCN  Democracy Resource Center Nepal
DL-PIU  District Level Programme Implementation Unit
DRCN  Democracy Resource Center Nepal
DUDBC  Department of Urban Development and Building Construction
IDA  Interdisciplinary Analysts
INGO  International non-governmental organization
IRM  Independent Impacts and Recovery Monitoring for Accountability in Post-Earthquake Nepal project
IRM-1  First round of the IRM study (June 2015)
IRM-2  Second round of the IRM study (February-March 2016)
IRM-3  Third round of the IRM study (September 2016)
MoUD  Ministry of Urban Development
MP  Member of Parliament
NGO  Non-governmental organization
NPR  Nepali Rupees
NRA  National Reconstruction Authority
PDNA  Post-Disaster Needs Assessment
RHRP  Rural Housing Reconstruction Program
RPP-N  Rajastriya Prajatantra Party Nepal
SDC  Swiss Agency for Development and Cooperation
TAF  The Asia Foundation
UCPN-MC  Communist Party of Nepal (Maoist-Centre)
UN  United Nations
VDC  Village Development Committee
WCF  Ward Citizen Forum
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1.1 Background

This report assesses conditions on the ground in earthquake-affected areas of Nepal in September 2016. Combining quantitative and qualitative information, it assesses the extent to which recovery is taking place almost 18 months after the earthquakes.

The Independent Impacts and Recovery Monitoring for Accountability in Post-Earthquake Nepal (IRM) project tracks evolving conditions and needs in areas of Nepal that were affected by the massive earthquakes of April and May 2015. Using both quantitative surveying and in-depth qualitative fieldwork, IRM involves revisiting areas and people at roughly six month intervals to assess current conditions and how they are changing. Because data collection and research is conducted in the same areas in each round, with many of the same people interviewed, IRM allows for an assessment of how conditions and needs are changing over time and of the roles that aid is playing—positive and negative—in shaping recovery patterns.

The pace of recovery, and the experiences of different population groups, will be determined by the level of earthquake impacts, the aid response, the coping strategies employed by affected households and communities, and the political and economic context in which the recovery is taking place. IRM focuses on each of these issues at the local level to assess the extent to which recovery is taking place, how this varies between groups and areas, and the causes of differences in the degree and nature of recovery (Figure 1.1).

This report provides findings from the third phase of research (referred to as IRM-3). It combines findings from quantitative and qualitative research. The report provides data and analysis on the situation in September 2016, almost a year-and-a-half after the initial earthquakes, comparing the data with that collected in the two past rounds: IRM-1 conducted in June 2015 and IRM-2 in February-March 2016. A fourth wave of surveying and fieldwork is currently being conducted.
The IRM-3 survey involved face-to-face interviews with 4,855 respondents (plus surveys with 305 ward leaders). These were conducted in 11 districts, all of which were covered in the IRM-1 and IRM-2 surveys (Map 1.1).\(^3\) IRM is set up as a panel survey meaning that, where possible, the same people are interviewed in each round. Respondents in IRM-1 were selected using stratified randomized sampling. Subsequent rounds of surveying sought to re-interview the same people to allow for an assessment of changes over time. Because the survey respondents are the same people, we can be confident that any changes we find in survey answers relate to changes on the ground rather than to the make-up of the sample. The vast majority of people interviewed in the IRM-3 survey (4,446 out of the 4,855) had also been interviewed in IRM-2. A smaller number of these people (1,470) were also interviewed in IRM-1.\(^4\) In some places in the report, we use the data that includes only people interviewed in multiple rounds (referred to as the household panel dataset). In other analyses, we use the full datasets from IRM-1, IRM-2, and IRM-3.\(^5\) The IRM-3 survey was deliberately designed to mirror the IRM-1 and IRM-2 instruments, with many of the questions remaining the same. This allows for direct assessment to be made of changes over time.

Data collection took place in districts that were stratified using the categories of earthquake impact from the Government's Post-Disaster Needs Assessment (PDNA): Nuwakot, Sindhupalchowk, Ramechhap, Gorkha, and Dhading (severely hit); Bhaktapur, Okhaldhunga, and Kathmandu (crisis hit); Solukhumbu and Lamjung (hit with heavy losses); and Syangja (hit). Severely hit districts are the most affected districts, followed by crisis hit districts, then hit with heavy losses districts, and then hit districts.

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\(^3\) The IRM-1 survey was conducted in 14 districts. Three of these districts were dropped for IRM-2 and IRM-3. IRM-1 was conducted before the government’s Post-Disaster Needs Assessment (PDNA) was released and selection of districts was made from the 26 districts initially deemed affected by the government. Three of the selected districts (Manang, Khotang, and Dang) surveyed in IRM-1 were subsequently not included in the PDNA’s classification of earthquake-impacted districts. As such, they were not part of the sample for the IRM-2 and IRM-3 surveys.

\(^4\) This is primarily because the sampling strategy changed after IRM-1 with three districts dropped and new wards selected in the remaining 11 districts.

\(^5\) For a fuller discussion of the survey methodology, and changes in approach over time, see the IRM-3 survey report.
The qualitative research involved teams conducting interviews, focus group discussions, and participant observation in six districts spread across different earthquake impact categories: Sindhupalchowk, Gorkha, and Ramechhap (severely hit); Okhaldhunga (crisis hit), Solukhumbu (hit with heavy losses), and Syangja (hit) (Map 1.2). Research teams visited 16 village development committees (VDCs) and two municipalities, with two wards studied in each. Research took three-four days per VDC and was supplemented by interviews in district capitals. Sampling of locations was done at three levels—district, VDC, and ward—to maximize variation in two factors that were predicted to affect the nature and speed of recovery: the degree of impact of the earthquake; and the degree of remoteness.
The methodology for both components of the research was developed to ensure to the greatest degree possible that findings accurately reflect conditions and views in earthquake-affected areas. A few relevant details regarding the methodology and its limitations should be noted.

**Timing of research**
IRM-3 fieldwork was conducted from late August until September 2016. During this period, large-scale government reconstruction policies and schemes were beginning to be rolled out (see Annex A). As such, the report does not evaluate policies or aid provided after September 2016. The fourth round of IRM will capture more information on those developments.

**Confidence in findings**
The quantitative survey is representative of all people in the eleven districts studied. A careful sampling strategy—at the Village Development Committee (VDC), ward, household, and individual levels—was developed and employed. Stratified random sampling, along with weighting of the data, means that we can be sure with a high degree of confidence that what we find holds true for the wider population living in earthquake-affected districts. The margin of error across the whole dataset is +/- 1.4% at a 95 percent confidence level. The sample size is at least 350 for each district allowing for a margin of error of +/- 5.2% for district-disaggregated analyses. Where we break down the survey population by impact, demographic, or other variables (for example, comparing the opinions of men and women or patterns of recovery between people of different castes) the level of accuracy of survey findings reduce. It should be noted that the large sample size allows for more accurate estimates, and that the margins of error are smaller than in most surveys, in Nepal and beyond.

**Perceptions and accurate reporting**
The information provided throughout the report is based on the reports of those interviewed. People may have incentives to over- or under-report the level of impact they experienced, and their perceptions or feelings might not accurately reflect facts in some cases. The data and findings should be read with this in mind. But the use of both qualitative and quantitative research has allowed for triangulation of findings, which strengthens our confidence that they reflect reality.
A number of key contextual changes since IRM-2 was conducted have shaped recovery.

**The National Reconstruction Agency**

At the time IRM-2 was being conducted, the National Reconstruction Agency had just begun its work. The NRA is the lead government agency for all post-earthquake reconstruction activities with a wide mandate relating to coordination and facilitation of reconstruction, recovery, and preparedness work. Formally established in late December 2015, political wrangling over who would lead it meant that it only just started to operate in practice at the time of IRM-2. Since then, the NRA has become much more active although it has also suffered from some technical and political difficulties. Challenges faced include staffing issues. The agency is reportedly facing difficulties in attracting and retaining civil service staff. In December 2016, two months after IRM-3 fieldwork took place, engineers deployed by the Ministry of Urban Development Central Level Programme Implementation Unit (MoUD CL-PIU) went on strike, citing poor conditions. Additionally, the NRA has highlighted shortages in technical staff and trained masons in earthquake-affected districts. In response, the NRA reached an agreement with the Nepal Army to mobilize 200 army staff, including masons and carpenters in Sindhuli, Okhaldhunga, and Ramechhap districts, where there is an acute lack of skilled masons and technical manpower. The NRA has also started training 3,500 final year civil engineering students to assist in reconstruction across the 14 most-affected districts.

**Rural Housing Reconstruction Program**

Delays in the establishment of the NRA meant that little reconstruction work had been done at the time of IRM-2. Since then, the Government and donors have focused largely on housing reconstruction, in particular through the Nepal Rural Housing Reconstruction Program (RHRP).

The RHRP, which is supported by a multi-donor fund, emphasizes owner-driven reconstruction, cash grants of NPR 300,000 are provided in three instalments to eligible beneficiaries to aid them in building earthquake-resistant houses. The June 2015 credit agreement between donors and the government requires the government to conduct a house-by-house damage assessment and eligibility survey, sign a participation agreement between eligible beneficiaries and the government, provide housing grants in three tranches through bank accounts, release subsequent tranches based on progress achieved in resilient construction and conduct comprehensive, multi-tier, and hands-on training.

The new housing assessment, which began in some districts in February 2016, around the time of IRM-2, was conducted by the Central Bureau of Statistics (CBS). The CBS initially deployed engineers to the 11 most affected districts, excluding districts categorized by the government as being ‘hit with heavy losses’ or ‘hit’.

By September 2016, when IRM-3 was conducted, the signing of beneficiary agreements and distribution of the first installment of the reconstruction cash grant was underway in 11 districts, including four visited in the qualitative fieldwork and eight where the quantitative survey was conducted. However, many people had not yet received cash in hand. Since then, there has been more progress with the RHRP program (see Annex A). However, because these developments came after fieldwork was conducted, they are not covered in this report.

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6 References for this section can be found in the IRM-3 qualitative report.

7 The NRA is mandated to work closely with a number of other government ministries. The Ministry of Federal Affairs and Local Development, through its Central Level Programme Implementation Unit and District Level Programme Implementation Units, holds primary responsibility for the disbursement of the housing grant. Primary responsibility for technical standards and staffing for housing reconstruction are the responsibility of the Ministry of Urban Development (MoUD), through its CL-PIU and DL-PIUs, as well as the Department of Urban Development and Building Construction (DUDBC).
This report covers a number of areas:

- **Progress in recovery.** Chapter 2 considers changes to and conditions in shelters, the progress of reconstructing homes, progress in repairing infrastructure and the status of service delivery, the recovery of livelihoods, food provision and needs, and trauma and vulnerability.

- **Earthquake aid, critical needs, and housing reconstruction cash grants.** Chapter 3 details the nature of aid provided and how this has changed over time, critical needs, experiences and levels of satisfaction with assistance received and with those providing it, and the coordination and transparency of aid distribution.

- **Coping strategies.** Chapter 4 looks at how households have tried to cope with earthquake impacts through financial behavior, migration, and other means.

- **Politics, social cohesion, and conflict.** Chapter 5 reviews the extent to which the earthquake and aid response have affected political party activities, roles, and levels of influence, changes in people’s political preferences, and the impacts on security, sources of conflict, and social cohesion.

Analysis of the differing impacts on different population groups, differing patterns of recovery, and the extent to which groups are vulnerable, is provided throughout.

The report concludes with a summary of findings, a discussion of implications for aid and recovery efforts moving forward, and recommendations. These conclusions and recommendations are not necessarily those of the donors to IRM.
2.1 Housing and shelter

Temporary shelters

The Nepal earthquakes had a devastating impact on the housing stock in affected areas. In severely hit districts, 79% of houses were completely destroyed and a further 15% were badly damaged. Almost one year on from the earthquakes, when IRM-2 was conducted, 80% of people in these districts were still living in temporary shelters. Since then, government and donor reconstruction programs have accelerated. How has this affected the housing and shelter arrangements of people?

Figure 2.1: Where people were/are living (IRM-1, IRM-2, IRM-3, weighted)
**More people have moved back into permanent housing but the number of people in temporary shelters is still high in severely hit districts.**

There has been some progress in getting people back into permanent housing. Over time, the number of people living in temporary shelters has declined. Figure 2.1 shows where people were living at the time of the IRM-1 survey (June 2015), IRM-2 (February-March 2016, and IRM-3 (September 2016). There have been steady increases in the number of people living in their own houses over time, and similar reductions in the number of people in temporary shelters. As of September 2016, 71% of people in earthquake-affected districts are in their own houses.

However, the picture is very different in severely hit districts. Seventy-one percent of people in the severely hit districts were still in temporary shelters in September, one-and-a-half years from the disaster (Figure 2.2). This figure has reduced since IRM-2 but, overall, there has been relatively little progress in housing people in these districts. The number of people still in temporary shelters is particularly high in Sindhupalchowk (90%), Nuwakot (78%), Ramechhap (73%), and Dhading (70%). The situation is somewhat better in Gorkha, where over half of people are now in their own homes. Amongst less affected districts, Okhaldhunga has the highest proportion of people still living in temporary shelters (25%).

Nine percent of people whose house was partially destroyed and 52% whose house was completely destroyed lived in self-constructed shelters as of September. A small share of those whose house was completely or partially destroyed now live in a neighbor’s house or in shelter on other people’s land. All people who reported minor or no damage to their house from the earthquakes are now living in their own houses.

**Figure 2.2: Where people are living – by district impact (IRM-3, weighted)**

People from marginalized groups are disproportionately likely to still be living in temporary shelters.

More people in agricultural occupations live in temporary shelters (48%) than is the case for other livelihoods. Significant proportions of individuals with a low income (47%) or no education (44%) continue to live in shelters. Those with a disability are more likely to be in shelters (38%) than those without (27%). Higher proportions of Buddhists (46%) and Christians (46%) still live in shelters.\(^8\)

Shelters are most commonly made of corrugated iron sheets (CGI) but in some districts the proportion in other types of shelters is comparatively high, most notably in Okhaldhunga.

Among those who are living in shelters, the majority are now in shelters fully made of CGI (62%). Over the past six months, there has been a shift from people living in shelters made partly out of wood, bamboo, and CGI to those made of only CGI (Figure 2.3). Few people are living in shelters that do not use CGI at all. However, those in more remote areas are much less likely to be in shelters made completely out of CGI. In some districts, the proportion of those in shelters made of other materials or in animal sheds is higher.

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\(^8\) It should be noted that 17% of the population in affected areas is Buddhist and only 1% are Christian.
While only 4% of those in temporary shelters live in shelters made of bamboo, the figure is higher in Okhaldhunga (29%), Syangja (25%), Ramechhap (16%), and Solukhumbu (14%). The proportion of people in temporary shelters who are living in cowsheds is relatively high in Okhaldhunga (10%) and Lamjung (9%).

![Figure 2.3: Share of people living in different types of shelters (IRM-2, IRM-3, weighted)](image)

**Movements to and from temporary shelters**

*Movements to and from shelters have been significant between all research rounds. While many people have left their temporary shelters to move back into their houses, some have also since moved out again, returning to temporary shelters or moving into the homes of others.*

The pace of people moving to and from shelters has been similar between IRM-2 and IRM-3 compared to the first year after the earthquakes. One-quarter of those who were in self-constructed temporary shelters at the time of IRM-1 (June 2015) had moved back into their own house by the time of IRM-2 (February-March 2016) and the figure is 36% for those who were in community shelters during IRM-1. At the same time, large numbers of people moved out of their own house between IRM-1 and IRM-2 often returning to temporary shelters.9

By IRM-3 (September 2016), 24% of those who were living in shelters on their own land at the time of IRM-2 (February-March 2016) were able to move to their own houses with the figure 18% for those living in shelters on others’ land at the time of IRM-2. Twenty-one percent of those who were living in their own homes in IRM-3 had been living in self-constructed shelters in IRM-2. As in the first year after the earthquakes, however, there was also movement of some people who were in houses during IRM-2 back into temporary shelters by the time of IRM-3. Eleven percent of those who were in their own house at the time of IRM-2 were living in temporary shelters by the time of IRM-3, 9% of those who were in shelters on others’ land, and one-third of those in shelters on public land had been in their own house at the time of IRM-2.

*The proportion of people who were in shelters who have moved home varied between districts.*

Overall, 22% of people who had been in temporary shelters at the time of IRM-1, in the weeks after the earthquakes, were in their own house by IRM-3. In

9 Six percent of those who had been in their own house at the time of IRM-1 were living in temporary shelters by the time of IRM-2. Half of the people living in a friend’s house at the time of IRM-2 had been living in their own house in IRM-1. Four percent of people who were living in temporary shelters on their own land had been in their own house at the time of IRM-1, and the figure is 3% for those in shelters on others’ land. Twenty-seven percent of people who were renting at the time of IRM-2 had been in their own house during IRM-1.
Solukhumbu, Okhaldhunga, and Gorkha, over 40% of those in shelters in IRM-1 reported that they had moved back to their own house by IRM-3 (Table 2.1). Solukhumbu has the highest rate of any district of people having fully repaired/rebuilt their houses or built a new one (31%) while Okhaldhunga also ranks high (20%). However, the gap in both districts between the number of people who have moved home and those who have repaired or rebuilt suggest that, as elsewhere, people are moving into potentially unsafe houses. In contrast, only 6% of those who were in temporary shelters during IRM-1 have moved back to their own home in Syangja, the least affected district in the sample, and the figure is also low for Kathmandu, Sindhupalchowk, and Lamjung.

Many of those who returned to their houses were moving into unsafe buildings, often after no or only minor repairs, or to at-risk land. For this reason, some have since moved out again.

While the movement of many to their own home at first looks promising, many may be moving into unsafe housing. Table 2.2 shows that while most people who have done nothing to repair or rebuild their house remain in temporary shelter, 17% have moved home, suggesting the structure they are moving in to may not be safe. Further, almost two-thirds of those who were in temporary shelters who have started (re)building, but whose house is not yet finished, have moved home. And almost one-quarter of those who were in temporary shelters who have started rebuilding, but who acknowledge their house is not yet livable have, despite this, moved into their house.

### Table 2.1: Share of people who were in shelter (IRM-1) to their own house (IRM-3) – by district impact and district (IRM-1, IRM-2, IRM-3 household panel, unweighted)

<table>
<thead>
<tr>
<th>District</th>
<th>Moved from shelter to house</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severely hit</td>
<td>22%</td>
</tr>
<tr>
<td>Dhading</td>
<td>21%</td>
</tr>
<tr>
<td>Gorkha</td>
<td>42%</td>
</tr>
<tr>
<td>Nuwakot</td>
<td>14%</td>
</tr>
<tr>
<td>Ramechhap</td>
<td>23%</td>
</tr>
<tr>
<td>Sindhupalchowk</td>
<td>12%</td>
</tr>
<tr>
<td>Crisis hit</td>
<td>29%</td>
</tr>
<tr>
<td>Bhaktapur</td>
<td>18%</td>
</tr>
<tr>
<td>Kathmandu</td>
<td>11%</td>
</tr>
<tr>
<td>Okhaldhunga</td>
<td>48%</td>
</tr>
<tr>
<td>Hit with heavy losses</td>
<td>19%</td>
</tr>
<tr>
<td>Lamjung</td>
<td>13%</td>
</tr>
<tr>
<td>Solukhumbu</td>
<td>44%</td>
</tr>
<tr>
<td>Hit</td>
<td>6%</td>
</tr>
<tr>
<td>Syangja</td>
<td>6%</td>
</tr>
<tr>
<td>All districts</td>
<td>22%</td>
</tr>
</tbody>
</table>

### Table 2.2: Share of people who moved from shelter (IRM-1) to their own house (IRM-3) – by what people have done to their house (IRM-1, IRM-2, IRM-3 household panel, unweighted)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Moved from shelter to house</th>
<th>Have not moved from shelter to house</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have done nothing to rebuild it/build new house</td>
<td>17%</td>
<td>83%</td>
</tr>
<tr>
<td>I have fully repaired/rebuilt my house and I live in it now</td>
<td>43%</td>
<td>57%</td>
</tr>
<tr>
<td>I have built a new house</td>
<td>62%</td>
<td>38%</td>
</tr>
<tr>
<td>I have partly rebuilt/built a new house. It is not yet finished but I live in it</td>
<td>62%</td>
<td>38%</td>
</tr>
<tr>
<td>I have started to rebuild/build a new house but it is not yet livable</td>
<td>24%</td>
<td>62%</td>
</tr>
</tbody>
</table>

This explains why some have since moved out again; people moved from their own house to other accommodation options so that they could rebuild their house, or simply to stay somewhere safer after realizing that their house was not safe.

The qualitative research also found that increasing numbers of people were moving back into unsafe houses after only minor repairs and in 10 wards several households were observed to be moving back into houses without any repairs. Yet, as findings from the survey also highlight, some households have since moved out again, returning back into damaged houses after only minor repairs.

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10 This suggests some people split their time between living in a shelter and in their own home. For example, they may sleep in the shelter but cook in their house.
to temporary shelters or moving elsewhere, after realizing that their houses were not safe enough or could not withstand bad weather. Some even saw their houses collapse during the monsoon rains. “Some of those houses that only had minor cracks from the earthquake collapsed during the monsoon. Recently there was one incident [...] where a partially damaged house collapsed, badly injuring the single woman living there,” said a resident of Katunje VDC in Okhaldhunga. Other highlighted their fears of living in houses after doing only minor repairs. “Repaired houses seem good from the outside if painted but they are risky from the inside. One can see cracks from the inside and we feel fear living in these houses,” said a 55-year old woman in Dudhkunda municipality of Solukhumbu. Similarly, a man in Syangja exclaimed, “We need money as promised by the government so that we can construct a new house. Living in damaged houses never gives us peace, we are always in fear.”

Further, the qualitative research highlighted that some of those displaced from their land due to landslide risks were also moving back or planning to move back soon, despite the danger. They were willing to return to at-risk land due to ongoing uncertainty over long-term resettlement solutions and discomfort in temporary settlements or tensions with local communities in their new settlements.

Preparedness for adverse weather

Of the people in temporary shelters, those in remote regions, rural areas, and severely or crisis hit districts were less prepared for the monsoon. In particular, marginalized groups, including those with disability, were less likely to be prepared for adverse weather.

The proportion of people who were able to completely fix their accommodation to withstand the weather (winter in IRM-2 and monsoon in IRM-3) increased from IRM-2 to IRM-3 – from 3% to 6%. However, the proportion of people who were not able to make repairs at all also rose – from 6% to 17%. The most common reason why shelters were deemed insufficient in IRM-3 was that they had leaky roofs or walls, while many also said their shelter was too cold for living.

More people in more remote regions, rural areas, and severely and crisis hit districts were less prepared for monsoon. Among the districts, relatively more people (more than 20%) in Sindhupalchowk, Okhaldhunga, Lamjung, Gorkha, and Dhading reported either insufficient or no repairs for the monsoon. Only 34% of people in Sindhupalchowk said they had been able to make sufficient repairs for the monsoon, with 48% saying they had made no repairs at all.

Marginalized groups were less prepared for the monsoon than others. Two-thirds of low caste people and Janajatis said they had been unable to make sufficient repairs, or had made one, compared to 75% of high caste respondents. Those with disabilities (38%) were more likely to be unprepared for the monsoon compared with those without (27%).

Those whose houses were fully destroyed, those living in severely hit districts, and those with low incomes have been consistently unprepared for adverse weather.

Those unprepared for the winter and the monsoon in IRM-2 and IRM-3 were those whose houses had been completely destroyed (96% of those unprepared in both rounds), those living in severely hit districts (89% of those unprepared in both rounds), and those who have a low income (69% of those unprepared in both rounds).

Illnesses in temporary shelters

Many got sick during the monsoon months due to issues with shelter.

Twelve percent of people interviewed in the survey said that they, or someone in their family, got sick during the monsoon because of problems with shelter. This figure is much higher (23%) in severely hit districts. Incidence of illnesses due to shelter issues during the monsoon was particularly high in Nuwakot (45%). Just over one-fifth of respondents report a shelter-related

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12 Analyzing the household panel data from IRM-2 and IRM-3 allows us to assess the section of the population who were not ready for both the winter and the monsoon. To assess this, respondents in the household panel dataset of the last two rounds were labelled as “not ready” if they chose in both waves either “they were not able to repair at all” or “even if they repaired, it was not sufficient.”
illness in the family in Gorkha (20%), Ramechhap (24%), and Sindhupalchowk (21%).

Those living in rural areas (15%) were more likely than people in urban areas (6%) to have someone in the family who fell ill during the monsoon due to their shelter. Those in more remote (16%) or remote (13%) areas were more likely to have someone in the family fall ill during the monsoon than in less remote areas (9%). People belonging to marginalized groups—those with lower incomes (19%), women (14%), and the disabled (23%)—were more likely to report a shelter-related illness in the family during the monsoon.

Those who said that the earthquake destroyed their house completely (18%) were more likely than those reporting less damage to say someone got sick during the monsoon disease. Further, those who were unable to make any repairs to their house in order to get it ready for the 2016 monsoon (34%) are much more likely to report an illness in the family than people who were able to get some level of repairs done. People living in communal or self-constructed shelters were more likely than those living in houses to report someone in their family getting sick during the monsoon due to their accommodation. A majority of those living in a community shelter (56%) reported someone getting sick during the monsoon. Among those who lived in a self-constructed shelter, those who built it on public land (46%) were more likely than those who built it on others’ land (28%) or on their own land (25%) to say there was an illness. In contrast, fewer people who lived in a house, whether a friend’s (22%), a neighbor’s (17%), or their own (6%), said that someone in their family got sick.

Common illnesses were colds, fever, and stomach issues. Of the 12% who reported an illness in the family, fever (54%) and recurrent colds (34%) were the most common ones. Far fewer mention prolonged colds (12%), swollen feet (9%), diarrhea/dysentery/cholera (8%), pneumonia (5%), asthma (5%), or skin rashes (3%).

In the qualitative research, various health problems associated with living in shelters were also observed. Respiratory diseases, such as asthma among the elderly and pneumonia among children, as well as diarrhea and dysentery due to poor sanitary conditions, continued to be observed. Some thought that not enough attention was paid to the suffering and illnesses of those in shelters. As a local activist and entrepreneur in Dudhkunda municipality in Solukhumbu said: “Those people who can afford to are rebuilding their houses, but the majority of the families whose houses were destroyed are living in temporary shelters. The weather conditions are very harsh, we have had many cases of asthma and pneumonia. People have died of this in our region, but it is not noticed.”

Cases of malnutrition among children in temporary shelters were reported to have increased in Okhaldhunga and parts of Gorkha and Sindhupalchowk.

The qualitative research suggests that the increase was due to changing food habits in temporary shelters and lowered harvests after the earthquakes. Sovita Dahal, an Assistant Nurse and Midwife from Prapcha VDC in Okhaldhunga, explained: “Malnutrition has slightly increased after the earthquake [...]. Across the VDC, two children are suffering from hard malnutrition and eight are suffering from mild malnutrition. There was only one such case before the earthquake. After the earthquake, parents are not able to follow the feeding schedule for their children. As a result, children are not getting enough nutrition.” Other respondents, too, pointed out that the earthquake had changed people’s eating habits.

Reconstruction of houses

As of September 2016, progress in the reconstruction of homes had been slow. Of those whose house was impacted, most people had done nothing to repair or rebuild.

Seventy-two percent of the respondents whose house was impacted say that as of IRM-3 they have done nothing in terms of repairing or building new houses (Table 2.3). This response was much higher in severely hit districts, where 80% report not having done anything to repair their damaged house or to build a new house. Ten percent of people in severely hit districts whose house was impacted have either repaired it or built a new one. The share of people who have done nothing to repair or rebuild their house is higher in remote areas (76%) and in more remote regions (72%) compared to less remote regions (66%). Among severely hit districts, Gorkha has the lowest share of people (73%) who report no progress in repairing their existing house or building a new one but this figure is still very high.

Lower caste and low income groups are less likely to have repaired or rebuilt their houses.

Of those whose house was impacted, 84% of people with a disability and 74% with a low income say that they have done nothing to repair or rebuild (Table 2.4). Disaggregating by caste, 72% of Janajatis and 82% of low caste people say they have not taken any actions to repair or rebuild.
### Table 2.3: Actions to repair or rebuild houses amongst those whose house was impacted – by district impact, district, rural/urban and remoteness (IRM-3, weighted)

<table>
<thead>
<tr>
<th></th>
<th>Have done nothing to rebuild it/ build new house</th>
<th>I have fully repaired/ rebuilt my house and I live in it now</th>
<th>I have built a new house</th>
<th>I have partly rebuilt/ built a new house. It is not yet finished but I live in it</th>
<th>I have started to rebuild/build a new house but it is not yet livable</th>
<th>Refused/ don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Severely hit</strong></td>
<td>80%</td>
<td>8%</td>
<td>2%</td>
<td>7%</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>Dhading</td>
<td>78%</td>
<td>17%</td>
<td>1%</td>
<td>3%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Gorkha</td>
<td>73%</td>
<td>4%</td>
<td>4%</td>
<td>15%</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>Nuwakot</td>
<td>86%</td>
<td>10%</td>
<td>1%</td>
<td>4%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Ramechhap</td>
<td>82%</td>
<td>5%</td>
<td>2%</td>
<td>11%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Sindhupalchowk</td>
<td>80%</td>
<td>4%</td>
<td>2%</td>
<td>3%</td>
<td>11%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Crisis hit</strong></td>
<td>67%</td>
<td>18%</td>
<td>2%</td>
<td>8%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Bhaktapur</td>
<td>69%</td>
<td>12%</td>
<td>3%</td>
<td>8%</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>Kathmandu</td>
<td>67%</td>
<td>20%</td>
<td>1%</td>
<td>8%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Okhaldhunga</td>
<td>68%</td>
<td>15%</td>
<td>5%</td>
<td>11%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Hit with heavy losses</strong></td>
<td>65%</td>
<td>28%</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>Lamjung</td>
<td>63%</td>
<td>29%</td>
<td>1%</td>
<td>5%</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>Solukhumbu</td>
<td>67%</td>
<td>27%</td>
<td>4%</td>
<td>0%</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Hit</strong></td>
<td>53%</td>
<td>43%</td>
<td>1%</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Syangja</td>
<td>53%</td>
<td>43%</td>
<td>1%</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>All districts</strong></td>
<td>72%</td>
<td>15%</td>
<td>2%</td>
<td>7%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Rural areas</td>
<td>72%</td>
<td>15%</td>
<td>2%</td>
<td>8%</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>Urban areas</td>
<td>72%</td>
<td>18%</td>
<td>1%</td>
<td>5%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Less remote</td>
<td>66%</td>
<td>22%</td>
<td>1%</td>
<td>6%</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>Remote</td>
<td>76%</td>
<td>13%</td>
<td>2%</td>
<td>6%</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>More remote</td>
<td>72%</td>
<td>11%</td>
<td>3%</td>
<td>11%</td>
<td>3%</td>
<td>0%</td>
</tr>
</tbody>
</table>

### Table 2.4: Actions to repair or rebuild houses amongst those whose house was impacted – by gender, caste, income and disability (IRM-3, weighted)

<table>
<thead>
<tr>
<th></th>
<th>Have done nothing to rebuild it/ build new house</th>
<th>I have fully repaired/ rebuilt my house and I live in it now</th>
<th>I have built a new house</th>
<th>I have partly rebuilt/ built a new house. It is not yet finished but I live in it</th>
<th>I have started to rebuild/build a new house but it is not yet livable</th>
<th>Refused/ don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Female</strong></td>
<td>73%</td>
<td>16%</td>
<td>1%</td>
<td>7%</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Male</strong></td>
<td>71%</td>
<td>15%</td>
<td>2%</td>
<td>7%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>High caste</td>
<td>71%</td>
<td>16%</td>
<td>1%</td>
<td>8%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Janajati</td>
<td>72%</td>
<td>15%</td>
<td>2%</td>
<td>6%</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>Low caste</td>
<td>82%</td>
<td>9%</td>
<td>2%</td>
<td>7%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Low income</td>
<td>74%</td>
<td>12%</td>
<td>2%</td>
<td>7%</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>Medium income</td>
<td>74%</td>
<td>16%</td>
<td>1%</td>
<td>6%</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>High income</td>
<td>64%</td>
<td>19%</td>
<td>2%</td>
<td>9%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>No disability</td>
<td>72%</td>
<td>16%</td>
<td>2%</td>
<td>7%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Disability</td>
<td>84%</td>
<td>10%</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
<td>0%</td>
</tr>
</tbody>
</table>
A lack of money was the primary factor that prevented people from starting to rebuild their houses. Other commonly cited reasons were people waiting to receive the reconstruction cash grant or a lack of knowledge on approved building designs.

The primary reason why many people did not start rebuilding was a lack of money. Eighty-nine percent of people who had not yet rebuilt cited not having enough money as the reason why (Table 2.5). Similarly, 66% of people were waiting for the government distribution of cash grants, with percentages citing this higher in severely hit districts.

Thirteen percent said they had not yet rebuilt because they were unsure what types of houses are allowed by the government and 7% because they had not been given instructions on how to build a safe house. Receipt of subsequent tranches of government cash for rebuilding is dependent on houses being earthquake-proof and following government-approved guidelines. A previous study and the qualitative research has shown that there was little knowledge of what the rules are and that this, combined with limited technical assistance, has hampered rebuilding efforts. Six percent of people who have not rebuilt say that a lack of labor is a problem. This is particularly a problem in Nuwakot, where 34% say it has prevented them from rebuilding. Unsurprisingly, the poor are more likely to say that a lack of money has prevented them rebuilding (93%). The poor are also more likely to say they are waiting for government cash grants and that the price of construction materials is too high.

Table 2.5: Reasons for stopping repairing or not building a house – by district impact, district, remoteness, rural/urban and income (IRM-3, weighted)

<table>
<thead>
<tr>
<th></th>
<th>Did not have enough money</th>
<th>Still waiting for government cash grant</th>
<th>Unsure what types of houses are allowed by the government</th>
<th>Still waiting for instructions on how to build safe house</th>
<th>Still waiting for geological assessment</th>
<th>No labor to rebuild</th>
<th>Prices of construction materials too high</th>
<th>No family members around to help</th>
<th>Do not have land related papers</th>
<th>Refused/don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Severely hit</strong></td>
<td>92%</td>
<td>84%</td>
<td>19%</td>
<td>10%</td>
<td>4%</td>
<td>8%</td>
<td>15%</td>
<td>3%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Dhading</td>
<td>94%</td>
<td>73%</td>
<td>20%</td>
<td>18%</td>
<td>9%</td>
<td>0%</td>
<td>12%</td>
<td>3%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Gorkha</td>
<td>86%</td>
<td>83%</td>
<td>15%</td>
<td>4%</td>
<td>0%</td>
<td>2%</td>
<td>7%</td>
<td>4%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Nuwakot</td>
<td>100%</td>
<td>93%</td>
<td>18%</td>
<td>6%</td>
<td>5%</td>
<td>34%</td>
<td>43%</td>
<td>1%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Ramechhap</td>
<td>85%</td>
<td>86%</td>
<td>17%</td>
<td>6%</td>
<td>0%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Sindhupalchowk</td>
<td>95%</td>
<td>85%</td>
<td>24%</td>
<td>15%</td>
<td>5%</td>
<td>5%</td>
<td>11%</td>
<td>3%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Crisis hit</strong></td>
<td>87%</td>
<td>51%</td>
<td>5%</td>
<td>2%</td>
<td>0%</td>
<td>1%</td>
<td>15%</td>
<td>0%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Bhaktapur</td>
<td>97%</td>
<td>59%</td>
<td>21%</td>
<td>7%</td>
<td>1%</td>
<td>1%</td>
<td>26%</td>
<td>1%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Kathmandu</td>
<td>84%</td>
<td>45%</td>
<td>0%</td>
<td>1%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>11%</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td>Okhaldhunga</td>
<td>94%</td>
<td>76%</td>
<td>10%</td>
<td>5%</td>
<td>0%</td>
<td>6%</td>
<td>26%</td>
<td>3%</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Hit with heavy losses</strong></td>
<td>76%</td>
<td>45%</td>
<td>14%</td>
<td>9%</td>
<td>3%</td>
<td>11%</td>
<td>32%</td>
<td>6%</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td>Lamjung</td>
<td>65%</td>
<td>54%</td>
<td>16%</td>
<td>18%</td>
<td>7%</td>
<td>10%</td>
<td>26%</td>
<td>3%</td>
<td>0%</td>
<td>2%</td>
</tr>
<tr>
<td>Solukhumbu</td>
<td>86%</td>
<td>37%</td>
<td>12%</td>
<td>1%</td>
<td>0%</td>
<td>12%</td>
<td>36%</td>
<td>9%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Hit</strong></td>
<td>91%</td>
<td>4%</td>
<td>2%</td>
<td>2%</td>
<td>0%</td>
<td>4%</td>
<td>2%</td>
<td>1%</td>
<td>0%</td>
<td>2%</td>
</tr>
<tr>
<td>Syangja</td>
<td>91%</td>
<td>4%</td>
<td>2%</td>
<td>2%</td>
<td>0%</td>
<td>4%</td>
<td>2%</td>
<td>1%</td>
<td>0%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>All districts</strong></td>
<td>89%</td>
<td>66%</td>
<td>13%</td>
<td>7%</td>
<td>2%</td>
<td>6%</td>
<td>16%</td>
<td>2%</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td>Less remote</td>
<td>88%</td>
<td>50%</td>
<td>8%</td>
<td>4%</td>
<td>1%</td>
<td>2%</td>
<td>16%</td>
<td>0%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Remote</td>
<td>90%</td>
<td>73%</td>
<td>14%</td>
<td>8%</td>
<td>3%</td>
<td>8%</td>
<td>16%</td>
<td>3%</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td>More remote</td>
<td>89%</td>
<td>77%</td>
<td>17%</td>
<td>8%</td>
<td>3%</td>
<td>3%</td>
<td>15%</td>
<td>3%</td>
<td>1%</td>
<td>0%</td>
</tr>
</tbody>
</table>

13 People could give multiple reasons, hence percentages do not add up to 100%.

14 At the time of research, cash grants were being distributed in only the 11 most affected districts. The fact that very few people cited this as a reason in Syangja, the least affected district in the sample, suggests that people there may have had little expectation that government cash grants will reach them.
Rural area | 91% | 70% | 14% | 8% | 3% | 7% | 16% | 2% | 1% | 1%
Urban area  | 81% | 52% | 5%  | 3% | 0% | 1% | 17% | 0% | 0% | 2%
Low income  | 93% | 78% | 13% | 6% | 2% | 10%| 20% | 3% | 1% | 0%
Medium income| 88% | 63% | 14% | 8% | 3% | 3% | 14% | 1% | 0% | 1%
High income  | 82% | 51% | 11% | 8% | 3% | 3% | 8%  | 1% | 0% | 1%

**Costs for the construction of houses were increasing significantly.**

Sixteen percent of those surveyed said the high price of construction materials was a reason why they had not rebuilt. When asked if there had been changes in the costs of construction materials since the end of last winter, 92% said that the cost of construction labor was higher than before, 85% mentioned that construction material had become more expensive, and 87% mentioned that CGI sheets were now costlier (Table 2.6).

### Table 2.6: Cost of construction materials (IRM-3, weighted)

<table>
<thead>
<tr>
<th>Material</th>
<th>Much higher</th>
<th>Slightly higher</th>
<th>Same</th>
<th>Slightly less</th>
<th>Much less</th>
<th>Refused</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement</td>
<td>43%</td>
<td>34%</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>18%</td>
</tr>
<tr>
<td>Iron rod</td>
<td>45%</td>
<td>32%</td>
<td>1%</td>
<td>2%</td>
<td>1%</td>
<td>2%</td>
<td>17%</td>
</tr>
<tr>
<td>Stone/bricks</td>
<td>42%</td>
<td>38%</td>
<td>3%</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
<td>14%</td>
</tr>
<tr>
<td>Wood/Timber</td>
<td>41%</td>
<td>40%</td>
<td>5%</td>
<td>0%</td>
<td>0%</td>
<td>3%</td>
<td>11%</td>
</tr>
<tr>
<td>Nails</td>
<td>34%</td>
<td>51%</td>
<td>4%</td>
<td>0%</td>
<td>0%</td>
<td>2%</td>
<td>9%</td>
</tr>
<tr>
<td>CGI</td>
<td>42%</td>
<td>45%</td>
<td>3%</td>
<td>0%</td>
<td>0%</td>
<td>2%</td>
<td>7%</td>
</tr>
<tr>
<td>Tiles</td>
<td>33%</td>
<td>28%</td>
<td>3%</td>
<td>0%</td>
<td>1%</td>
<td>5%</td>
<td>29%</td>
</tr>
<tr>
<td>Construction labor</td>
<td>53%</td>
<td>39%</td>
<td>1%</td>
<td>0%</td>
<td>0%</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Construction materials</td>
<td>38%</td>
<td>47%</td>
<td>1%</td>
<td>0%</td>
<td>0%</td>
<td>2%</td>
<td>12%</td>
</tr>
</tbody>
</table>

In the qualitative research, too, people across the districts visited pointed out that construction costs had increased compared to pre-earthquake times. In many remote places, they were drastically higher. Materials that are often not locally available in rural Nepal, such as cement, bricks, iron rods, corrugated iron, or sand, were particularly expensive. The high demand for these materials—they have to be used to rebuild houses according to the approved building codes for earthquake-resilient buildings16—also increased costs. In many areas, even locally available materials such as wood or bamboo had become more expensive due to high demand and restricted access to community forests.17

**High transportation costs for construction materials was one of the main reasons why construction costs had increased.**

In many areas, people complained that construction materials were not available locally and had to be transported from the district headquarters or other hubs. In remote places, especially those without roads, costs were particularly high. This often meant that those trying to rebuild had to spend much of their money on transportation. For example, each truck or tractor transporting sand from Manthali, Ramechhap’s district headquarters, to Bamti Bhandar VDC cost NPR 10,000. The first installment of the cash grant (NPR 50,000) was therefore insufficient to construct even one pillar, complained locals.

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16 These guidelines have to be followed if homeowners want to receive further installments of the reconstruction cash grant for private houses.

17 See Case Study 7.2, ‘Community forests and the use of local resources for reconstruction’, in the IRM-3 qualitative report.
Heavy rains meant that the transportation of goods became even more difficult and expensive during the monsoon. Trucks and other larger transporters could no longer drive on roads rendered inaccessible by mud or landslides. The quality of roads determined whether transportation was more difficult, and hence more expensive, during the monsoon. In Solukhumbu, for example, rising transportation costs for construction materials and other goods affected all wards visited, including remote wards of the district headquarters, as most roads are temporary and regularly damaged during the monsoon. With some of the earthquake-affected villages more than a three-day walk from the district headquarters, transportation of aid and construction materials has been one of the major reconstruction-related difficulties in the district (see Case Study 2.1).

Other common reasons for rising construction costs were high wages for laborers and water shortages.

High wages for laborers also raised overall costs for house reconstruction. Due to the high demand for construction laborers, their wages had increased significantly (see Chapter 2.3). Water shortages are also raising costs. Water is needed in large amounts for the construction of cement houses and some households have had to buy water for the construction of their houses. For example, in Ramechhap municipality one resident had to spend NPR 65,000 to buy water to construct his house. Given that water shortages were common across wards visited, it is likely that many more will have to pay for water for the construction of their houses.

Case Study 2.1: High transportation costs during the monsoon affect reconstruction

The house of Pranay Rai from Nele VDC, which was made from mud, stone, and wood, was damaged during the second major earthquake of 12 May 2015. He decided to build a semi-concrete, earthquake-resistant house before the 2016 monsoon. “It looked like I would have to wait for years to receive anything from the government, and living in a half-damaged house was risky and also hampering my [electronics] business,” he said. “So I arranged for some loans from local saving organizations, and some from my friends and family, to add to my savings and started building the house in June.”

The timing for the construction of his new house meant that transportation costs for construction materials were unusually high, having increased drastically during the monsoon. Nele VDC, although an important market center about 18 kilometers east of the district headquarters, is only connected by a dirt road, which is frequently affected during the rainy season. Only tractors can occasionally drive on the road during the monsoon.

“We transport cement from Okhaldhunga Bazaar [about 65 kilometers from Solukhumbu’s district headquarters] at two Rupees per kg during the dry season when the transportation is normal and uninterrupted, but now we pay seven Rupees per kg,” Rai said. This means an additional NPR 100-250 per 50 kilogram sack of cement – an increase of 150 percent. The transportation cost of other materials like tin sheets, iron rods, and metals were also disproportionately high in Nele during the monsoon. “I will have spent over one lakh extra only in transportation costs by the time I complete the house,” Rai complained. “What use is the two lakhs that the government is throwing at us?”

Rai can afford the higher transportation costs due to a regular income from his electronics business. But many other households in the VDC have fewer resources. Tilak BK from Nele VDC said, “Everything has become extremely expensive – from wages for masons and construction workers to wood and stones, and transportation. I have to look after a family of five and, I don’t have a regular source of income as I depend on daily wage labor for half of the year. If the government does not provide us assistance, I will have to bear the burden of the loan for years.” He said this despite having received two lakhs in cash assistance from an individual donor who supported the rebuilding of many of the damaged houses in Nele. “We got two lakhs but ended up spending three more lakhs which we had to borrow from moneylenders and savings groups,” he explained.
2.2 Infrastructure and service delivery

Access to services has improved since the early months after the earthquakes.

Almost everyone surveyed in IRM-3 said that electricity, drinking water, access to a medical facility, schools, and motorable roads was provided by VDCs and municipalities (Figure 2.4). There were particular improvements in the provision of drinking water and medical facilities.

Figure 2.4: Share saying they have the services provided by VDC/municipality (IRM-1, IRM-2, IRM-3, weighted)

<table>
<thead>
<tr>
<th>Service</th>
<th>IRM-1</th>
<th>IRM-2</th>
<th>IRM-3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>96%</td>
<td>69%</td>
<td>69%</td>
</tr>
<tr>
<td>Drinking water</td>
<td>94%</td>
<td>88%</td>
<td>90%</td>
</tr>
<tr>
<td>Medical facility</td>
<td>96%</td>
<td>84%</td>
<td>93%</td>
</tr>
<tr>
<td>School</td>
<td>97%</td>
<td>99%</td>
<td>99%</td>
</tr>
<tr>
<td>Motorable road</td>
<td>92%</td>
<td>94%</td>
<td>91%</td>
</tr>
</tbody>
</table>
For most services, a large share say the quality has improved since IRM-2 – Figure 2.5. Over 50% say that medical facilities and schools have improved and almost half note the same for motorable roads. Around one-third say that drinking water has improved. For electricity, 27% say it has improved, but 19% say it has worsened.

The qualitative research highlights that reconstruction of community infrastructure, roads, water and sanitation facilities, health care, and improvements of school infrastructure remained frequently identified and urgent needs. Water shortages and the lack of irrigation remained particularly common problems despite good monsoon rains. Despite improvements in services and infrastructure, needs in these areas remain.

**Figure 2.5: Changes in quality of services (IRM-1, IRM-2, IRM-3, weighted)**

Most were satisfied with the services they were getting but overall, satisfaction with services provided was decreasing.

Satisfaction with all five services has dropped since IRM-1, though people were more likely to be satisfied than dissatisfied with each service (Figure 2.6). There was not much change in satisfaction levels between IRM-2 and IRM-3. For instance, 89% were satisfied with electricity at home in IRM-1 compared to 60% in IRM-2 and 63% in IRM-3. Schools are the exception. Though satisfaction with schools dropped in IRM-2, it rose to 90% in IRM-3, quite close to satisfaction in IRM-1 (93%).

In IRM-3 the response options ‘somewhat better’ and ‘a lot better’ were added to the question.
Recovery of livelihoods

**Different livelihoods continued to recover, with recovery more widespread in mid-2016 compared to early 2016.**

The predominant income sources in districts affected by the earthquakes are farming and business. In IRM-2, those who worked in business (72%) or who were daily wage laborers (59%) were the most likely to state that their income was negatively impacted by the earthquakes. In the severely hit districts, the most widely impacted occupation was farming, with 75% of those who farmed their own land saying that their income had been negatively impacted. Around half of those affected said that their income source had improved in the first quarter of 2016, with the proportion of people reporting recovery varying between income sources.

The IRM-3 data show that recovery was more widespread in mid-2016. For every source of income, a significant source of income before the earthquakes for 58% of people and business for 37%. Farming is particularly important in the severely hit districts, where 96% report it as a major source of income and in more remote areas (97%). Business ownership is much more common in the crisis hit districts, which include Kathmandu and Bhaktapur, and in less remote regions. Other common sources of income are livestock farming (21%, 46% in severely hit districts), daily wage work (17%, again more common in severely hit districts) and salary work for private companies (15%, more common in the urban crisis hit districts). Data are from the IRM-3 survey. People could report more than one source of income.

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2.3 Livelihoods

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Across all districts, farming was a significant source of income before the earthquakes for 58% of people and business for 37%. Farming is particularly important in the severely hit districts, where 96% report it as a major source of income and in more remote areas (97%). Business ownership is much more common in the crisis hit districts, which include Kathmandu and Bhaktapur, and in less remote regions. Other common sources of income are livestock farming (21%, 46% in severely hit districts), daily wage work (17%, again more common in severely hit districts) and salary work for private companies (15%, more common in the urban crisis hit districts). Data are from the IRM-3 survey. People could report more than one source of income.

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a much larger proportion of people who said their income source had been negatively impacted by the disaster said they have seen (some) recovery in the third quarter of 2016 compared to IRM-2 (Figure 2.7). For example, while 53% of those who generate income from farming their own land whose income was damaged by the earthquakes said they had not seen any recovery in the first quarter of 2016, only 15% report the same for the last three months.

Those in severely hit districts were at least as likely to see recovery of their income source as those in other districts. Eighty-four percent of those in severely hit districts whose farming was affected said they have seen recent improvements. Amongst severely hit districts, farmers tilling their own land in Ramechhap and Sindhupalchowk less commonly reported improvement in their income (78% and 73%, respectively).

Businesses, too, were recovering. More than 90% of business owners who were affected by the disaster reported improvement in every district, with the exception of Kathmandu (79%) and Lamjung (67%). Recovery for business owners varied systematically across levels of remoteness. Those in more remote regions were doing much better (95% had seen recovery in the three months prior to September 2016) compared to those in remote areas (89%) and less remote regions (79%).

Small business owners who lost their business locations as well as goods during the earthquakes, however, were continuing to struggle as they had not been given any compensation for their losses. This particularly affected poorer and women business owners who had established small shops or restaurants with loans or micro credit in rented places but who lacked the resources to reestablish their businesses without additional support to rebuy goods and reopen in new locations. Business owners continued to highlight that damages to businesses should have been assessed and compensation provided by the government.

Tourism businesses were beginning to see notable improvements for the first time since the earthquakes. Tourism was picking up again with increased numbers of visitors and good bookings for the upcoming season. However, full recovery was not expected any time soon by those working in the sector.

Laborers working in reconstruction saw some of the biggest increases in wages as demand was rising with the beginning of wide scale reconstruction. As seen in Figure 2.7, daily wage labor and those working in private companies saw significant improvements in mid-2016. Skilled laborers such as carpenters and masons, as well as some unskilled laborers, were observed to be benefitting from more opportunities and increasing wages after the earthquakes (Case Study 2.2). In rural Nepal, wage labor has traditionally been only a complementary economic activity for famers. With fewer households relying primarily on agriculture, labor at home and abroad has increased in importance. As such, the fact that labor was only temporary interrupted and that demand for, and incomes from, wage labor are rising, especially in the construction sector, are encouraging signs for the recovery of earthquake-affected families.
Case Study 2.2: Masonry continues to gain in Solukhumbu

Laxman Basnet from Kerung VDC in Solukhumbu previously had to go to the high altitude villages of Khumjung and Namche for about four months each year to look for work as a semi-skilled mason. “There are too many masons in our village—almost every other household has one—and it was difficult to get regular work in the village before the earthquake,” Basnet said. “But after the earthquake, there is so much demand, I haven’t had a single day off.” Basnet explained that one head mason would at most build two houses per winter but now they were building up to four. Basnet also said that there had been a gradual increase in wages since the earthquake. “We used to work for about NPR 800 per day but now people are earning up to NPR 1,250 per day.” Masons from Kerung are also working in other VDCs, some as far as Gorkha, where the daily wages are reported to be even higher.

Asked if he was familiar with the government-provided guidelines for earthquake-resistant houses, Basnet said that he had only heard about them on the radio but had never seen a model house. “I think it would be really useful for us if the government built a model house in the village and gave us some trainings. We learn easily through experience and I am sure trained local masons could help in the reconstruction process.” But he was convinced that the houses that are being built locally after the earthquakes are much safer and stronger than before. “We are now using extra safety with wooden bands in the joints and the roof, and people also do not want to build very tall.”

Challenges for farmers

Many farmers were struggling and in need of support despite disruptions to farming being mostly restricted to the early weeks after the earthquakes.

Farming was only temporarily disrupted in most places and farmers’ ability to cope in the aftermath of the earthquakes was enhanced by the fact that most also relied on other sources of income such as small businesses, daily wage labor, or migration. Exceptions were farming households that lost members during the earthquakes due to the lack of manpower and psychological impacts. Other factors directly related to the earthquakes that continued to affect farming in mid-2016 were damage to agricultural land and landslides risks, displacement and long commutes from shelters to the fields, a lack of space to store harvests, the construction of temporary shelters on cultivable land, the loss of animals and reduced availability of manure, and the option to earn higher wages from construction work. The drying up of water sources and damages to, or the absence of, irrigation were also commonly cited but could not always be directly attributed to the earthquakes.

Over the longer term it has become clear that farmers are facing significant difficulties, many of them not earthquake-related, that may prevent full recovery. As reported in IRM-2, general hardships faced by farmers in rural Nepal were exacerbated by the earthquakes. Pre-existing conditions of poverty and other factors such as water shortages and a lack of irrigation, have become more significant since the earthquakes, making it even harder for farmers to overcome the consequences of the quakes and other obstacles. It is therefore unsurprising that farmers in the wards visited in the qualitative research said that yields have decreased, sometimes up to 30 percent, but that they were often unable to distinguish whether this was because of the impact of the earthquakes or due to other unrelated difficulties.

Earthquake impacts continued to affect livestock farming and reduced the availability of manure.

Most households involved in agriculture are also engaged in animal husbandry, which continued to experience the impacts of the earthquakes due to losses of livestock, collapsing of sheds, limited space in temporary settlements, and limited water and fodder for the remaining animals (Case Study 2.3). Some have therefore had to sell or set free animals since the earthquakes. Farming was indirectly affected by these impacts on livestock not only because draft animals...
were killed but also because there was less manure available. One farmer in Barpak VDC, Gorkha, stated, “Since my cattle died in the earthquake, I cannot cultivate my land as I have no fertilizer and I have given up cultivating.” “We used to rear cattle and goats. But they were trapped and died in the earthquake and now we have no dung to use in agriculture, so we gave up farming,” added an old woman.

Case Study 2.3: A displaced Dalit is struggling to resume farming

Prem Bahadur Sarki’s house was fully damaged during the earthquakes and his agricultural land was damaged by cracks and is at a high risk of landslides. He was displaced along with another 40 households (20 of them Dalit families) from his settlement in Prapcha VDC, Okhaldhunga. The Dalit households were resettled by the government in temporary shelters far away from their settlement. This introduced some tensions with the local community nearby and also made farming difficult due to the lack of shelters for seeds, harvests, and livestock, and the long distance to their land.

Prem Bahadur said he faced problems managing his livestock and fields from the temporary shelter: “I was living in one place and my livestock were in another place. […] I want to go back to my own place but I cannot because the area is prone to landslides.” To be closer to his land and have more space for his cattle, Prem Bahadur left the temporary shelter provided by the government and moved to an upper caste settlement closer to his land. There, he rented a small plot of land to construct a new temporary shelter for his family and a shed for his buffalo. But this land was small and Prem Bahadur had to rent yet another piece of land to collect grass for his buffalo and firewood for cooking, further adding to the financial burden imposed by the destruction of his house and land.

Prem Bahadur continued to farm his own land despite risks and being scared. “If I don’t cultivate my land, I don’t have enough to eat. If I cultivate, I risk my life because of landslides,” he said. Indeed, during the heavy monsoon rains, a landslide swept away whatever land he had left. He pointed to the hill on the other side and showed a small patch of land. “I had planted maize with difficulty on my land but the landslide swept away everything,” he explained.

Prem Bahadur is concerned that even with the cash assistance provided by the government, he may not be able to rebuild as he no longer has any land. He said, “Where will I build my house even if I receive money and will I be able to receive money if I don’t build a foundation?” Referring to his debts of over NPR 50,000 he exclaimed, “I am in a state of despair, will the government understand the plight of people like us?”

Those facing particular difficulties

A number of factors determined whether people were able to recover their livelihoods or not, some of them unrelated to the earthquakes. Many pre-existing hardships were exacerbated pushing those already poor further into poverty, especially poor farmers and Dalits.

While the initial impact of the earthquakes on livelihoods was major and widespread, only a limited number of households faced a complete loss of their livelihood. Several factors helped livelihoods recover in the first year after the earthquakes. First, markets reopened within the first few months after the earthquakes and businesses—with the exception of the tourism sector—were able to resume operating, at least to some extent. Second, farming, the most common livelihood in the earthquake affected districts, generally resumed after the 2015 monsoon. And, third, the diversification of incomes commonly practiced by the…

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majority of affected households meant that only very few households lost all of their income sources.\(^{23}\)

However, challenges remained and many of those households who have been able to work again since the earthquakes have simply found themselves continuing to live in poverty, especially poor farmers. While families have no choice other than to be resilient and to cope with the impacts of the earthquake by working hard, poverty is making full recovery hard for many.\(^{24}\) The 2015 earthquakes exacerbated hardships people were already suffering from. As an old woman in Okhaldhunga said, “I was already poor, the earthquake pushed me further into poverty.”

This particularly affected Dalits. Generally being poor and owning smaller or no land, Dalits have long had to rely on traditional crafts or wage labor just to buy enough food. With less diverse income opportunities and assets than other groups, Dalits were still significantly slower to recover despite increases in work and wages for laborers.

Incomes were recovering both for people who were in their own house and those in shelters. However, those who were in their own house were more likely than others to report that at least one income source was not recovering.\(^{25}\) Those who moved from shelter to home were less likely to report improvement if their income sources are farming, daily wages, remittances, or private salaries compared to others.\(^{26}\) But income improvement was more likely if their income sources are their own business, government salaries, rent and livestock farming. These findings suggest that for some, trade-offs are being made between investing in housing or in their livelihoods. Those who had already finished rebuilding their house were more likely than others to have had an income source recover in the three months prior to September 2016.

Change of livelihoods

**Very few have changed livelihoods since the earthquakes.**

Around 2% of people in all affected regions report that they have changed their livelihoods since IRM-2.\(^{27}\) While the majority of these people have changed to farming (70%), 14% have turned to their own business, 8% to daily wage work, 4% to relying on remittances, and the remaining 4% to other income sources. The majority of those who changed to farming in IRM-3 mention livestock farming as their main income source in the earlier survey.\(^{28}\) Findings from the qualitative research, on the other hand, suggest that wage labor was becoming more common due to increasing opportunities in the construction sector, with those changing occupation turning away from farming or crafts to wage labor.

Many highlighted the lack of alternative opportunities as the reason for the low rate of changes in livelihoods. Farmers often pointed out that it is not easy to change profession in the village, where there are no options to earn money other than through agriculture, especially in remote areas. As Sitamaya Tamang from Okhaldhunga said: “Even if the earthquake damaged my house, I don’t have a choice but to farm my land. I was farming before the earthquake and I am farming now.” Another resident from the same district speculated: “People might change occupation if they have other options but the VDC does not offer any alternative economic activity, so people are compelled to go back to agriculture and livestock farming because of the lack of choices.”

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23 In the districts visited, households have long relied on multiple income sources in addition to small-scale agricultural production or subsistence farming. The Asia Foundation and Democracy Resource Center Nepal (2015). *Aid and Recovery in Post-Earthquake Nepal: Independent Impacts and Recovery Monitoring Phase 1 – Qualitative Field Monitoring (June 2015).* Kathmandu and Bangkok: The Asia Foundation, pp. 85-93.

24 Poorest people in four of the districts studied are living in poverty. In Ramechhap, Okhaldhunga, Gorkha, and Sindhupalchowk, daily per capita incomes are between USD 2.60 and USD 3.00. In Syangja, the average per capita income is USD 3.30 and in Solukhumbu it is USD 5.10. See, UNDP Human Development Index 2014: Nepal Human Development Report, 2014. UNDP/NPC. Poverty is disparate within districts, but the poverty incidence is between 51.4%-82.2% in parts of Gorkha, Syangja, Okhaldhunga, Ramechhap, and Solukhumbu, and half of Sindhupalchowk has a poverty incidence between 42.9%-51.4%. [http://www.un.org/ndl/node/10125](http://www.un.org/ndl/node/10125)

25 The findings hold if we look at results for where at least one income source has not recovered (as people have multiple income sources, some may have recovered while other have not). Sixteen percent of people in their own house report that at least one source has not recovered compared with 20% for those in shelters on their own land and 31% for those in shelters on others’ land.

26 According to the IRM-2 and IRM-3 household panel dataset, nearly 12% of people that were living in shelter in IRM-2 moved to their own houses in IRM-3. This dataset was used to determine if these individuals also report improvements in their income sources.

27 IRM-3 weighted dataset.

28 IRM-2, IRM-2 household panel dataset, unweighted.
The need for food in all affected districts has declined in IRM-3 compared to earlier research rounds.

Compared to IRM-1 (June 2015), there was a 10 percentage point decline in people reporting food as one of their most important immediate needs in IRM-2 (February-March 2016), and another 7 percentage point decline from IRM-2 to IRM-3 (September 2016). Similarly, when asked about their most important needs for the next three months, there was a 10 percentage point drop in the proportion of people reporting food between IRM-1 and IRM-2 and a further 4 point drop between IRM-2 and IRM-3. However, nearly 10% of people continued to reported food as a priority need both for immediate purposes and for the next three months (Figure 2.8).

Figure 2.8: Food as a top immediate need and three month need (IRM-1, IRM-2, IRM-3, weighted)

Food was reported as being more urgently needed in severely impacted districts.

Individuals in severely impacted districts reported a very high need for food in their households compared to other districts. Only 3% or less in other impact categories mention food as one of their most important immediate needs, compared to 26% of people in the severely hit districts. Similarly, 28% in severely hit districts mentioned food as a priority need for the three months after September 2016, compared to only 2% or less people in other district categories (Figure 2.9).

Amongst districts that were not severely hit, the proportion of people prioritizing food as a current need was highest in Okhaldhunga (8%), Solukhumbu, and Bhaktapur (both 7%). In IRM-2, Solukhumbu had the highest share of people reporting food as the most important immediate need. However, the stated need for food has declined there and the districts with the highest reported levels of food needs were all severely hit ones. Gorkha now has the highest proportion of people reporting food as a priority current need (32%) but proportions were also high in every other severely hit district with the partial exception of Ramechhap.

More remote and rural areas reported the greatest need for food.

In more remote areas, 18% mentioned food as a priority immediate need, and 21% mentioned that it was the most important need for the three months following September 2016. Food was an immediate need for 13% and a need for the next three months for 14% of people in remote areas. In contrast, only 4% or less people in less remote wards mentioned food as one of their most important needs in the immediate term or for the next three months. Food need was nearly seven times higher in rural areas than in urban areas.

Food needs differed among different population groups with those with disabilities, Janajatis, and from low castes more likely to report needing food.

Food needs were much higher for those with disabilities than those without. When asked about their priority immediate needs, people with disabilities were twice as likely to mention food as people without a disability. Similarly, when asked about priority needs for the next three months, 19% of people with a disability mentioned food compared to only 10% without any disability. High caste individuals were less likely to mention a need for food compared to Janajatis or low caste individuals. The stated need for food was slightly higher among Janajatis than low caste individuals.

Food consumption has remained similar between IRM-2 and IRM-3.

Most people said their food consumption stayed the same since the end of the winter in February 2016. Twenty-one percent said that food consumption increased while 4% said it had decreased. These findings were similar to those from IRM-2. There was a significant drop in IRM-3 in the number of people who reported increased consumption but also a small decline in the number who said food consumption had declined.

While relatively low numbers of people report decreases in food consumption, some districts saw higher numbers of people consuming less. In Sindhupalchowk, 18% of people reported a decrease in consumption. Other districts with a notable decrease in food consumption were Ramechhap (8%), Okhaldhunga (8%), and Lamjung (8%). However, people in every district were more likely to report increased consumption than decreases, with between one-quarter and around one-third reporting increases in severely hit districts.

The data looking at changes in food consumption over the last year show similar figures to the six-month changes suggesting that recent improvements in food consumption were not due to seasonal variation. Districts with the highest proportion of people reporting decreases in year-on-year consumption were Solukhumbu and Ramechhap (both 8%) and Okhaldhunga and Lamjung (both 7%).

In the qualitative research, few mentioned food as a priority need. However, some farmers reported reduced yields due to earthquake impacts and other factors such as water shortages, and malnutrition was observed to be on the rise in some locations, especially among children.
2.6 Trauma and vulnerabilities

Psychological effects of the earthquakes

*Many people were still suffering psychologically from the earthquakes.*

Nineteen percent of people said someone in their household still suffered; another 4% said someone in the family had been suffering psychologically, but was getting better. Trauma was widespread in the severely hit districts, especially Sindhupalchowk (36%), along with Okhaldhunga (34%). Yet, no direct correlation between prevalence and the severity of earthquake impacts was found. Notably, psychological impacts were most widespread in the hit district of Syangja (37%), the least affected district in the sample. This may be because Syangja has received less attention from aid providers, and presumably specialists in psychosocial care, than other districts. However, Syangja is a district that generally has high rates of suicide and prevalence of depression. The likelihood of experiencing enduring psychological effects increases with remoteness and was more prevalent in rural areas than in urban ones.

*Extreme fear and startling while sleeping were the most common psychological effects.*

Among those who reported a family member suffering psychological effects from the earthquakes, 47% said the family member has extreme fear and 38% said they get startled while sleeping. Eleven percent mentioned trouble sleeping and 4% nervousness.

The qualitative research suggests that psychological distress from seeing one’s homes and belongings destroyed and losing family members has made some turn to alcohol. As Beg Bahadur Gurung from Barpak VDC in Gorkha said, “Alcohol consumption is too high after earthquake, some people have lost their lives already because of the excessive consumption of alcohol.”

Vulnerability

*Landslides continued to be a common worry and increased vulnerability.*

Destruction of houses and damage to land, including fissures and landslide risks, have been highlighted in the previous rounds of IRM as the main issues exposing people to vulnerable environments. Although more were moving home by September 2016, landslides continued to be a risk in many areas, especially during the monsoon. Syangja (46%), Sindhupalchowk (35%), and Solukhumbu (31%) had the highest share of respondents saying there was a landslide in their area. The likelihood of a landslide increased sharply with remoteness and landslides tended to occur more in rural (18%) than in urban (5%) areas.

People in the severely hit (41%) and hit (50%) districts were the most likely to worry about possible landslides in their community with the onset of the monsoon. Majorities in Sindhupalchowk (69%), Okhaldhunga (52%), and Syangja (50%) were worried. Concerns over possible landslides were also much more common in remote and more remote areas compared to less remote areas. People in rural areas (30%) tend to be far more worried about the possibility of monsoon landslides than those in urban ones (4%). Concern about landslides tracks well with actual landslide occurrences, with 85% of those who reported landslides in their area having been worried about possible landslides once the monsoon started.

*The displaced and those living in temporary shelters remained among the most vulnerable groups.*

Many continue to live in shelters and are exposed to some levels of risk and vulnerability ranging from exposure to harsh weather conditions and illnesses to, in the case of the displaced, tensions with the local communities in their new settlements (see Chapter 5), and uncertainties about long-term settlement solutions. The fact that some of those in shelters were returning to damaged houses or landslide-prone land without repairs or land assessments having been conducted only increased their vulnerability.

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30 This was frequently mentioned by informants for the qualitative research and Syangja has the second highest suicide rates in Nepal, after Ilam.

31 The qualitative research observed that most of the people displaced from their land and house were living in temporary shelters on public or rented land. People were observed to generally stay close to their original homes. However, where entire settlements were affected by damage to land or high risks of landslides, local communities had to settle elsewhere in the VDC or even beyond.
Geological landslide assessments remained important to assess risks and determine long-term resettlement for the displaced.

Given the prevalence of landslides and landslide risks—both earthquake and monsoon related—geological land surveys remained a major need for some areas. This has been repeatedly highlighted by the IRM research. Some communities have now returned to land with landslide risks while others whose land was heavily damaged remain displaced and uncertain whether they can return or where they will be resettled in the long term if their land is unsafe. Some displaced people received the cash grant for reconstruction, but they were not sure if they could construct their house on damaged or landslide-prone land. As a Dalit woman in Barpak, Gorkha, said, “We requested the top leaders of all parties that a geological survey be conducted so that we can decide whether to build or not to build a house there. If the survey says it is unsafe, the government has to give us new land.”

People in remote areas continued to be more vulnerable facing greater obstacles to accessing aid and rebuilding their houses.

As the survey data showed, people in remote areas have generally been at a disadvantage compared to those in less remote areas. For example, they were more likely to have landslides, to be in need of food, or to have to pay more for the transportation of construction materials. The qualitative research highlights that those in remote places also found it difficult to access cash grants, due to longer travel time and higher costs to reach locations where the required documents are issued and the cash grants are disbursed via banks. Yet, not all remote areas were equally disadvantaged. Areas in Solukhumbu, for example, have received more attention and assistance than remote parts of Okhaldhunga. Not surprisingly, areas without road access were the most disadvantaged.

Inequality and prevalent forms of exclusion and discrimination negatively affect the recovery of marginalized groups especially of Dalits who stood out as a highly vulnerable group in IRM-3.

Earthquake impacts observed across affected districts were not experienced equally by all segments of society. As time passes, it was becoming clearer how structural inequalities and prevalent forms of exclusion and discrimination negatively affect the recovery of marginalized groups. This was predicted by the IRM-1 report and the second round of research began to observe the implications of this. At the time of IRM-3, Dalits, marginalized ethnic groups, the poor and economically disadvantaged, and the landless were

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27 Photo: Nayan Pokharel

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29 The government has since begun to conduct geological risk assessments in many areas.

30 The landless and those living on public or guthi land (trust land, a form of community-owned land) faced particular obstacles and delays in receiving cash assistance as they could not sign cash grant agreements at the time of research due to their lack of land ownership certificates. Special provisions have since been made to make it possible for these groups to receive reconstruction cash assistance. See, The Procedure for the Reconstruction Grant Distribution for Private Houses Damaged by Earthquake 2073 (2016) [http://nra.gov.np/download/details/187](http://nra.gov.np/download/details/187)
more vulnerable. Lower and more unstable incomes, fewer assets, limited access to formal sources of credit, and owning little land or living with precarious land arrangements were reported as drivers of the higher level of vulnerability of marginalized groups. This particularly affected Dalits.

Dalits faced greater obstacles to recovering their livelihoods, generally relying on unstable sources of income, and on finding additional financial and other resources for rebuilding, including accessing loans. In addition, most Dalits have smaller landholdings and are often not allowed to use community and public lands, which further limits their access to resources. The historical structural marginalization of Dalits from state and financial institutions is compounding the problem. Dalits face barriers to effective participation in decision-making processes. “No one listens to Dalits’ real concerns. Even the few Dalits in decision-making bodies are used as tokens by the political parties to serve their own interests. Even at the local level, our voices are not acknowledged and we have no decision-making power,” said a Dalit in Solukhumbu. While I/NGOs and others have provided special assistance to Dalits in many areas, no comprehensive efforts exist to counter the marginalization and vulnerability of Dalits through earthquake-related recovery schemes.

Researchers observed one case of Dalits who were unable to cope with their situation. In Dudhkunda municipality in Solukhumbu, a Dalit couple committed suicide due to severe financial stress, leaving their four children orphans and destitute. Although their debts were only partially related to the earthquake, it was reported that the lack of assets, including land, and income sources increased the couple’s debt burden.

Women, children, and the elderly continued to be seen as particularly vulnerable groups in most wards.

Women, children, and the elderly were considered to be vulnerable. Qualitative findings show that they were seen as being more vulnerable to health and safety threats, especially in shelters. Children were also reportedly more at risk of malnutrition. Women faced risks of gender-based violence and trafficking. Violence against women and girls was reported to have increased after the earthquake in some districts although no precise data is available and it is difficult to link this to the earthquakes as gender-based violence is generally common yet often under-reported. The voices of women, children, and the elderly were also rarely heard and included in decision-making, meaning that their particular needs are rarely dealt with.
Chapter 3.

Aid and Housing Reconstruction

Cash Grants

3.1 Aid delivery

The coverage of aid has declined massively since IRM-2 was conducted in March 2016.

By September, when IRM-3 was conducted, only 15% of respondents said they had received any type of aid, including material and cash support, since the end of the winter season.34 This is a 39 percentage point drop in the share of respondents reporting receiving any aid compared to the six months prior to IRM-2 when 54% had received aid. Nearly everyone (96%) said they received aid in IRM-1 in the weeks after the earthquakes.

The drop in aid was large in districts of every level of earthquake impact (Figure 3.1). Between IRM-1 and IRM-2, aid coverage dropped substantially in the crisis hit districts (which include Kathmandu and Bhaktapur) and the hit district of Syangja. There was also a large drop in the hit with heavy losses districts but two-in-three people there were still receiving aid at the time of IRM-2. There was a very slight drop in aid coverage in the severely hit districts. In contrast, between IRM-2 and IRM-3, aid coverage continued to plunge in the crisis hit, hit with heavy losses, and hit districts, but also dropped steeply in the most-affected severely hit districts. While people in the severely hit districts were the most likely to have received aid since the end of the winter (26% received aid) this is a decline from 98% in IRM-2.

The drop in aid coverage was most pronounced in the severely hit districts of Dhading (a 90 point drop), Nuwakot (84 points), and Ramechhap (76 points), along with the less affected Solukhumbu (79 point drop) – Table 3.1. Aid coverage was wider in Gorkha than elsewhere with a majority of people saying they received aid since the end of the winter.35 Aid coverage in Solukhumbu was particularly expansive in IRM-2 compared to other similarly impacted districts but there has been a significant drop in aid since then.36

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34 Survey respondents are first asked whether they received aid. They are then given a list of different types of aid and asked whether they received any of them. From this, we can determine whether people received aid of any type or not. In September 2016, aid from the government focused largely on the housing reconstruction program but few had received cash under this program when fieldwork was conducted in September 2016. Many more have received such cash grants since then (see Annex A).

35 Gorkha now has a higher share of people living in their own house than other severely hit districts. See Chapter 2.

There appears to have been no significant distribution of any type of aid in Lamjung or Bhaktapur since the end of the winter season.

**Figure 3.1**: Proportion of people receiving aid – by district impact (IRM-1, IRM-2, IRM-3, weighted)

**Table 3.1**: Proportion of people receiving aid – by district impact and district (IRM-1, IRM-2, IRM-3, weighted)

<table>
<thead>
<tr>
<th>District</th>
<th>IRM-1</th>
<th>IRM-2</th>
<th>IRM-3</th>
<th>Decline in coverage between IRM-1 and IRM-2 (percentage points)</th>
<th>Decline in coverage between IRM-2 and IRM-3 (percentage points)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Severely hit</strong></td>
<td>100%</td>
<td>98%</td>
<td>26%</td>
<td>2%</td>
<td>72%</td>
</tr>
<tr>
<td>Dhading</td>
<td>100%</td>
<td>97%</td>
<td>7%</td>
<td>3%</td>
<td>90%</td>
</tr>
<tr>
<td>Gorkha</td>
<td>100%</td>
<td>97%</td>
<td>56%</td>
<td>3%</td>
<td>41%</td>
</tr>
<tr>
<td>Nuwakot</td>
<td>100%</td>
<td>99%</td>
<td>15%</td>
<td>1%</td>
<td>84%</td>
</tr>
<tr>
<td>Ramechhap</td>
<td>100%</td>
<td>97%</td>
<td>21%</td>
<td>3%</td>
<td>76%</td>
</tr>
<tr>
<td>Sindhupalchowk</td>
<td>100%</td>
<td>100%</td>
<td>32%</td>
<td>0%</td>
<td>68%</td>
</tr>
<tr>
<td><strong>Crisis hit</strong></td>
<td>92%</td>
<td>30%</td>
<td>11%</td>
<td>62%</td>
<td>19%</td>
</tr>
<tr>
<td>Bhaktapur</td>
<td>100%</td>
<td>55%</td>
<td>0%</td>
<td>45%</td>
<td>55%</td>
</tr>
<tr>
<td>Kathmandu</td>
<td>91%</td>
<td>23%</td>
<td>11%</td>
<td>68%</td>
<td>12%</td>
</tr>
<tr>
<td>Okhaldhunga</td>
<td>100%</td>
<td>76%</td>
<td>34%</td>
<td>24%</td>
<td>42%</td>
</tr>
<tr>
<td><strong>Hit with heavy losses</strong></td>
<td>100%</td>
<td>65%</td>
<td>6%</td>
<td>35%</td>
<td>59%</td>
</tr>
<tr>
<td>Lamjung</td>
<td>100%</td>
<td>47%</td>
<td>0%</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>Solukhumbu</td>
<td>100%</td>
<td>95%</td>
<td>16%</td>
<td>5%</td>
<td>79%</td>
</tr>
<tr>
<td><strong>Hit</strong></td>
<td>100%</td>
<td>30%</td>
<td>5%</td>
<td>70%</td>
<td>25%</td>
</tr>
<tr>
<td>Syangja</td>
<td>100%</td>
<td>30%</td>
<td>5%</td>
<td>70%</td>
<td>25%</td>
</tr>
<tr>
<td><strong>All districts</strong></td>
<td>96%</td>
<td>54%</td>
<td>15%</td>
<td>42%</td>
<td>39%</td>
</tr>
</tbody>
</table>
The massive drop in the coverage of aid was true for different types of assistance including relief, material aid, and cash support.

In terms of shelter, the distribution of tarps and CGI has fallen steeply since IRM-2, unsurprising given that the focus was firmly on reconstruction rather than emergency support. However, this did not lead to an increase in the provision of materials for reconstruction. In fact, while some people received reconstruction materials in IRM-2, no-one did in IRM-3. The approach of the government and major donors to reconstruction has largely focused on providing cash for reconstruction. However, the number of people receiving cash in the six months before the IRM-3 survey was conducted dropped significantly since the period preceding IRM-2. Forty-eight percent of people in IRM-2 had received cash from the government but only 8% did in IRM-3. The distribution of food aid has also fallen massively: from 37% in IRM-1 receiving food to 28% in IRM-2 and just 2% in IRM-3.

The coverage of aid also decreased in severely hit districts.

From the earthquakes, the severely hit districts received more of most types of aid than other areas. In IRM-3, too, the severely hit districts got more aid. Severely hit districts also generally had a higher presence of non-governmental actors involved in recovery efforts. However, aid coverage in these districts has shrunk dramatically for every type of aid. For instance, the share receiving cash from the government in the severely hit districts is 15% compared to 91% in IRM-2, and the share receiving cash from non-governmental organizations dropped from 21% to 3%. 2% got farm implements compared to 13% in IRM-2, and 3% food compared to 68% in IRM-2. The provision of relief materials in the form of tarps, CGI, blankets, clothes, and sanitation kits also dropped significantly in severely hit districts.

Solukhumbu was receiving comparatively more aid than other districts, as already reported in IRM-2, mostly from individual private donors. Thirty-two organizations were registered as conducting earthquake recovery schemes at the District Development Committee (DDC) in Solukhumbu. Yet, researchers only encountered one of these organizations in the VDCs visited, which was rebuilding damaged school buildings.

The provision of cash has played a role in determining whether people were able to return to their house.

Cash from government and non-government providers appears to have played an important role in allowing people to repair or rebuild houses. Individuals who have received cash from non-government agencies were 8 percentage points more likely to transition from

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37 During the monsoon of 2015, the government provided 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). This was followed by the winter relief grants of NPR 10,000 distributed between October 2015 and March 2016. See details in *ibid.*, pp. 3-5.

38 The qualitative research revealed that the number of non-government organizations and activities remained higher in Gorkha and Sindhupalchowk compared to other districts, as in previous rounds of research. For instance, 24 INGOs, 19 NGOs, and seven UN agencies were working on recovery in Sindhupalchowk, while Syangja had no registered I/NGO support. In the VDCs visited in Solukhumbu, Ramechhap, and Okhaldhunga, the number of programs supported by I/NGOs were none to four. Only one NGO was found in Doramba VDC in Ramechhap and no NGOs were found to be present in the other two VDCs visited in the district even though it is listed in the same damage category (severely hit) as Sindhupalchowk and Gorkha.

39 This analysis is based on the panel dataset of 1,470 individuals who were interviewed in all three rounds of the survey.
shelters to their own houses between IRM-1 and IRM-3. The results for government cash grants were even stronger. Twenty-six percent who were in temporary shelters who received cash from the government moved into their own house compared to 11% of those who did not receive government cash (Figure 3.2).

Figure 3.2: Proportions of people receiving and not receiving cash who moved from shelter to home—by government vs. non-government cash (IRM-1, IRM-2, IRM-3 household panel, unweighted)

<table>
<thead>
<tr>
<th>Did not receive</th>
<th>Received cash from non-government source</th>
<th>Received cash from government</th>
<th>Did not receive cash from government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did not receive cash from non-government source</td>
<td>29%</td>
<td>21%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Aid providers

The government remained the most prominent aid provider, followed by INGOs and NGOs. The share of people receiving aid from individual donors declined significantly.

As Figure 3.3 shows, the Nepal government, including VDC and municipalities, was the most prominent provider of assistance: 60% of those receiving aid in IRM-3 received it from the government. The share mentioning these bodies, however, declined compared to previous surveys (78% amongst those who received aid in IRM-1 and 90% in IRM-2). The second most common provider was INGOs (22% of those who received aid receiving assistance from INGOs), similar levels as in previous surveys. NGOs were the third most common provider (16%, down from 36% in IRM-2). Other major donors in previous waves of the survey saw their prominence decline. Individual donors have declined sharply from 15% during the early response period (IRM-1) to 7% in IRM-2 and just 1% in IRM-3.

There was significant variation between districts in who was providing aid. In most of the severely hit districts, along with Solukhumbu, Syangja, and Kathmandu, the vast majority of those receiving aid were receiving it from the government. However, the government was much less important in Sindhupalchowk—despite distribution of reconstruction cash grants having started there—and in Okhaldhunga. In both districts, INGOs were covering many more people than the government.

Survey data show that the government was the major source of temporary shelter items (Table 3.3). Among the 1% of people who received tents, the government (80%) is the most common provider followed by individuals, local government-affiliated people and organizations, and NGOs (20% each). The government was also the main provider of tarps (45%). Provision of CGI was slightly more common by INGOs than by the government (51% to 47%). Forty-four percent of people who received cash from a non-governmental source said that INGOs provided cash grants, slightly more than the 37% who said that NGOs provided cash. The government was listed as the source for some non-governmental cash as well, which could be due to cash from non-governmental sources ultimately being disbursed from a government body. The government was also the predominant provider of food, sanitation packages, blankets, and warm clothes. Most of the farming implements (89%) and kitchen sets (90%) were provided by INGOs. However, it should be noted again that very few people were receiving any of these types of aid.

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Because people may have received aid from multiple providers, numbers do not add up to 100%.

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Figure 3.3: Sources of aid amongst those who received aid (IRM-1, IRM-2, IRM-3, weighted)

Table 3.3: Type of aid provided - by source (IRM-3, weighted)^41

<table>
<thead>
<tr>
<th>Type of Aid</th>
<th>Nepal Government/ VDC/municipality</th>
<th>LGCDP/WCF/ CAC/SM*</th>
<th>Political parties</th>
<th>Red Cross</th>
<th>Individuals</th>
<th>Business groups</th>
<th>NGOs</th>
<th>INGOs</th>
<th>Donors (except UN)</th>
<th>Other countries</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tent</td>
<td>80%</td>
<td>20%</td>
<td>0%</td>
<td>0%</td>
<td>20%</td>
<td>0%</td>
<td>20%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Tarps</td>
<td>45%</td>
<td>6%</td>
<td>5%</td>
<td>12%</td>
<td>5%</td>
<td>0%</td>
<td>16%</td>
<td>3%</td>
<td>0%</td>
<td>21%</td>
<td>17%</td>
</tr>
<tr>
<td>Corrugated iron sheets</td>
<td>47%</td>
<td>11%</td>
<td>3%</td>
<td>3%</td>
<td>13%</td>
<td>0%</td>
<td>19%</td>
<td>51%</td>
<td>1%</td>
<td>1%</td>
<td>7%</td>
</tr>
<tr>
<td>Food aid</td>
<td>58%</td>
<td>6%</td>
<td>0%</td>
<td>14%</td>
<td>5%</td>
<td>19%</td>
<td>18%</td>
<td>14%</td>
<td>0%</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>Cash: non-government</td>
<td>31%</td>
<td>0%</td>
<td>0%</td>
<td>12%</td>
<td>0%</td>
<td>0%</td>
<td>37%</td>
<td>44%</td>
<td>3%</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>Cash: government</td>
<td>100%</td>
<td>2%</td>
<td>0%</td>
<td>3%</td>
<td>2%</td>
<td>0%</td>
<td>13%</td>
<td>11%</td>
<td>0%</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Sanitation package</td>
<td>32%</td>
<td>1%</td>
<td>0%</td>
<td>2%</td>
<td>0%</td>
<td>0%</td>
<td>6%</td>
<td>27%</td>
<td>6%</td>
<td>0%</td>
<td>34%</td>
</tr>
<tr>
<td>Farm implements</td>
<td>8%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>9%</td>
<td>89%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Blankets</td>
<td>77%</td>
<td>6%</td>
<td>0%</td>
<td>2%</td>
<td>5%</td>
<td>0%</td>
<td>28%</td>
<td>25%</td>
<td>0%</td>
<td>0%</td>
<td>10%</td>
</tr>
<tr>
<td>Warm clothes</td>
<td>63%</td>
<td>1%</td>
<td>0%</td>
<td>3%</td>
<td>2%</td>
<td>0%</td>
<td>24%</td>
<td>52%</td>
<td>1%</td>
<td>0%</td>
<td>7%</td>
</tr>
<tr>
<td>Kitchen set</td>
<td>48%</td>
<td>2%</td>
<td>0%</td>
<td>4%</td>
<td>0%</td>
<td>0%</td>
<td>6%</td>
<td>90%</td>
<td>0%</td>
<td>0%</td>
<td>5%</td>
</tr>
</tbody>
</table>

^41 Percentages add up to more than 100 as multiple responses were allowed.

Findings from the qualitative research help us further analyze this data. At the time of research, the government was focusing on the provision of reconstruction cash grants to rebuild houses. Some limited livelihoods assistance was also provided by the government, especially in Solukhumbu and Syangja, the two of the six districts visited for the qualitative research where reconstruction cash grants were not yet available to earthquake victims. Livelihoods support included the distribution of seeds, livestock, and farming tools. Be-
between IRM-2 and IRM-3 the government also continued to distribute winter assistance in areas where there had been delays. The government was not found to be distributing materials other than livelihoods support in the qualitative research.

The qualitative research also found that while some non-governmental organizations were providing ‘hard’ material assistance, most of their projects at the local level were focusing on ‘soft’ forms assistance such as sanitation and hygiene awareness, livelihood support programs, trainings, and technical assistance. Some of these programs, especially livelihoods support programs, have continued since before the earthquakes. New types of ‘soft’ assistance were trainings related to reconstruction, psychosocial counseling, and disaster awareness. Overall, I/NGO support for reconstruction was found to have increased, albeit in the form of ‘soft’ assistance. In the VDCs visited for the qualitative research, there were only few examples of non-governmental actors and private donors directly building, or planning to build, private houses for earthquake victims. Some I/NGOs however were helping to directly rebuild infrastructure such as water and irrigation systems, schools, health centers, or roads. It should be noted that the NRA requested that I/NGOs focus on ‘software’, especially technical assistance. Further, many I/NGOs were still waiting for their ‘hardware’ projects to be approved by the government at the time of research.

Experience of aid among different population groups

People in more remote areas were more likely to have received aid but some extremely remote areas could not be reached during the monsoon.

Aid between the end of the winter season and September 2016 was more likely to reach more remote areas than urban centers. These areas were more likely to have received aid in IRM-1 and IRM-2 as well. Thirty-three percent of those in more remote wards (between one and six hours away using the regular means of getting to the district headquarters) had received aid during IRM-3.

More remote and rural areas could have received higher levels of assistance in part because they make up a higher share (69% more remote, 47% rural) of the severely hit districts, where more aid was given (26% received aid in the severely hit districts). However, even among those whose house was completely destroyed by the earthquake, those in more remote areas (37%) are more likely to have received aid than people in remote (21%) and less remote (22%) places. Twenty-five percent of those in rural areas whose houses were completely destroyed got aid compared to 18% in urban areas.

While, those in rural and more remote areas received more types of assistance, people in more remote areas were less likely to receive cash from the government (40%) than those living in remote and less remote places (59% in both). In contrast, the likelihood of receiving cash from non-governmental sources increases with remoteness. Of those who received aid in IRM-3, people in more remote areas were less likely than others to have received aid through the government and NGOs. On the other hand, six in 10 respondents living in more remote areas report receiving aid from INGOs, compared to just 2% in less remote and 18% in remote areas.

The qualitative research suggests that very remote wards received less assistance compared to more accessible ones between IRM-2 and IRM-3, and especially during the monsoon months. This was primarily because of transportation problems due to monsoon rains with air transport being too expensive. For example, remote and inaccessible VDCs like Goli, Bhakanje, and Chaulakharka, in the eastern part of Solukhumbu district bordering Ramechhap and Dolakha, were particularly hard hit by the earthquakes. Yet, according to data from the district offices, these VDCs received less relief and aid due to their extreme remoteness. In Gorkha and Sindhupalchowk, too, district officials said that very remote areas were largely unattended by I/NGOs. Respondents generally agreed that this disparity was mainly due to poor access and was not deliberate.

Disability, caste, and gender did not appear to determine access to aid but there were systematic differences in access to certain types of aid and access to aid from different providers across groups.

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42 In February-March 2016 (IRM-2), some VDCs had not yet received the government’s winterization support of NPR 10,000. At the time of IRM-2, 64 households in Syaule VDC in Sindhupalchowk, for example, had not received the winter cash grant due to insufficient budget. The budget was released only in August 2016 by the District Disaster Relief Committee (DDRC) for 41 households considered eligible. This money was then distributed equally among the 64 households initially considered eligible in the VDC, amounting to around NPR 6,400 for each household.
As was the case in IRM-1 and IRM-2, similar shares of men (17%) and women (13%) received aid in IRM-3. Among those who receive aid, men were slightly more likely than women to have received cash from non-governmental sources (17% to 15%) and from the government (58% to 53%). Women were more likely to have received tents, sanitation packages, and warm clothes.

There were no major differences in the likelihood of receiving aid for those with a disability (17% received aid) and those without (15%). However, 65% of people with a disability reported that their houses are fully damaged, which is a criterion for receiving many types of aid, compared to 52% of those without a disability. Among those who received aid, those without a disability were more likely than those with one to receive most types of assistance. However, those with a disability were slightly more likely than those without one to get government cash (60% to 55%). Those with a disability were less likely than those without to have received aid from the government (63% to 54%) and NGOs (8% to 15%).

At a time when levels of assistance provided was low, similar shares across caste and ethnic groups reported receiving aid. In IRM-1 and IRM-2, Janajatis and those belonging to lower castes were more likely than those belonging to higher caste groups to receive aid (Figure 3.4). Of those who received assistance in IRM-3, Janajatis were less likely than those belonging to high or low caste groups to report receiving aid from the government. Janajatis were more likely to be served by INGOs while NGOs reached those belonging to lower castes. Janajatis were more likely to receive cash from non-governmental sources, but less likely to get it from the government.

**Figure 3.4: Proportion who received aid – by caste (IRM-1, IRM-2, IRM-3, weighted)**

<table>
<thead>
<tr>
<th>Caste</th>
<th>IRM-1</th>
<th>IRM-2</th>
<th>IRM-3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low caste</td>
<td>64%</td>
<td>61%</td>
<td>64%</td>
</tr>
<tr>
<td>Janajati</td>
<td>39%</td>
<td>55%</td>
<td>43%</td>
</tr>
<tr>
<td>High caste</td>
<td>61%</td>
<td>63%</td>
<td>14%</td>
</tr>
</tbody>
</table>

**Housing damage determined volumes and types of assistance received.**

Unsurprisingly, those whose houses were completely destroyed (23%) were more likely to have received aid in IRM-3 than those whose houses were badly damaged (13%), those whose houses need minor repairs to make it habitable (9%), or whose houses were not damaged (2%). Among those who received aid, government cash in IRM-3 went to people whose houses were completely destroyed. However, those with badly damaged houses (45%) were more likely than those with completely destroyed houses (13%) to get cash from non-governmental sources. Tarps and blankets went to people with lower levels of housing damage.

**Those with lower incomes were less likely to receive government assistance.**

Among those who received some form of assistance, those with higher incomes tended to be more likely to receive cash from the government while those with lower incomes were more likely to have received cash from non-governmental sources. Though majorities across income groups mention the government as a source of aid, those in the middle and high income...

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43 In IRM-1 and IRM-2, nearly everyone whose house was completely destroyed received aid. Eighty percent of those whose houses were badly damaged received aid in IRM-1 and 74% in IRM-2.
groups were more likely to do so than those in the lower income group. People in the lower and high income groups on the other hand were more likely to have received aid from NGOs. The likelihood of having received aid from INGOs decreased with rising income (39% low income, 32% middle income, 21% high income).

### 3.2 Needs

**Cash and construction materials were the most widely cited current need.**

The top five current immediate needs identified by survey respondents were cash (59% identified it as a top three need), items to reconstruct houses (30%), CGI (11%), rice, wheat, and maize (10%), and livestock (9%). Fewer mentioned clean drinking water, clean water for household use, medical aid, warm clothes, sugar, salt and spices, farm implements, lentils, blankets, tarps or sanitary materials (each 2% or less) – Table 3.4.

Nearly nine in 10 in the severely hit districts said cash was a current priority need. Those in Okhaldhunga (92%), a crisis hit district, and Solukhumbu (80%), a hit with heavy losses district, also mentioned cash more often than people in other districts. Reconstruction material was mentioned most frequently in Nuwakot (81%) and Sindhupalchowk (70%). Respondents in Kathmandu tended to mention livestock (19%) and those in Solukhumbu considered farm implements (15%) a priority current need.

**Table 3.4: Top five current needs - by district impact and district (IRM-3, weighted)**

<table>
<thead>
<tr>
<th>District Type</th>
<th>Cash</th>
<th>Items to reconstruct house</th>
<th>Corrugated iron sheet</th>
<th>Rice, Wheat, Maize</th>
<th>Livestock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severely hit</td>
<td>93%</td>
<td>67%</td>
<td>27%</td>
<td>26%</td>
<td>1%</td>
</tr>
<tr>
<td>Dhading</td>
<td>95%</td>
<td>61%</td>
<td>22%</td>
<td>29%</td>
<td>1%</td>
</tr>
<tr>
<td>Gorkha</td>
<td>88%</td>
<td>65%</td>
<td>21%</td>
<td>32%</td>
<td>1%</td>
</tr>
<tr>
<td>Nuwakot</td>
<td>95%</td>
<td>81%</td>
<td>56%</td>
<td>26%</td>
<td>3%</td>
</tr>
<tr>
<td>Ramechhap</td>
<td>97%</td>
<td>57%</td>
<td>17%</td>
<td>14%</td>
<td>2%</td>
</tr>
<tr>
<td>Sindhupalchowk</td>
<td>89%</td>
<td>70%</td>
<td>20%</td>
<td>23%</td>
<td>1%</td>
</tr>
<tr>
<td>Crisis</td>
<td>43%</td>
<td>9%</td>
<td>2%</td>
<td>2%</td>
<td>16%</td>
</tr>
<tr>
<td>Bhaktapur</td>
<td>60%</td>
<td>36%</td>
<td>0%</td>
<td>7%</td>
<td>3%</td>
</tr>
<tr>
<td>Kathmandu</td>
<td>36%</td>
<td>2%</td>
<td>0%</td>
<td>1%</td>
<td>19%</td>
</tr>
<tr>
<td>Okhaldhunga</td>
<td>92%</td>
<td>41%</td>
<td>29%</td>
<td>8%</td>
<td>0%</td>
</tr>
<tr>
<td>Hit with heavy losses</td>
<td>66%</td>
<td>37%</td>
<td>20%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Lamjung</td>
<td>58%</td>
<td>29%</td>
<td>13%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Solukhumbu</td>
<td>80%</td>
<td>51%</td>
<td>34%</td>
<td>7%</td>
<td>4%</td>
</tr>
<tr>
<td>Hit</td>
<td>25%</td>
<td>13%</td>
<td>5%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Syangja</td>
<td>25%</td>
<td>13%</td>
<td>5%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>All districts</td>
<td>59%</td>
<td>30%</td>
<td>11%</td>
<td>10%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Findings from the qualitative research confirm that the reconstruction of houses and related support was the priority for communities. Some other needs mentioned were directly related to reconstruction such as cash grants, soft loans, demolishing of old houses, and availability of reconstruction materials such as cement, sand, iron rod, wood, etc. Communities also mentioned the need to improve road conditions to transport reconstruction materials as necessary. Some needs mentioned were specific to certain district or VDCs. Citizens from Syangja and Solukhumbu, where the CBS assessment had not yet been conducted, said their priority needs were the CBS assessment and clear information on the timeline and implementation of the government’s reconstruction assistance.

The qualitative research also gives insight into the wide variety of local needs. Improvement of basic services, reconstruction of structures other than houses, and psychosocial needs were still cited...
as needs, but seen as comparatively less urgent compared to IRM-1 and IRM-2. The same was true for geological land assessments. Drinking water and irrigation needs were heavily featured in IRM-2 as the research was conducted in February/March (the dry season) and less frequently mentioned in IRM-3 (at the end of a good monsoon season), although they remained important needs in many locations. In contrast, citizens and officials interviewed in IRM-3 frequently mentioned the improvement of roads as urgent because they had been destroyed by monsoon rains and people had to travel to access cash grants via banks and transport construction materials.

**Needs have changed over time.**

In all three surveys, respondents were asked to name the most important current needs for them and their household and what they anticipated would be needed the most in three months. Comparing current and future needs in each of the three survey waves allows for an assessment of how needs have evolved over time, shown in Figure 3.5. The share saying cash is the most important need was at its highest at the time when IRM-3 was conducted (59%). Reflecting immediate food and shelter needs right after the earthquake, the other two items mentioned most often as current needs in IRM-1 were CGI sheets (37%) and rice, maize, and lentils (27%). Both have declined in importance for people although the amount prioritizing CGI has risen sharply in IRM-3.

These top five needs were all expressed more commonly in the severely hit districts. Over time, more people said cash was a need, with nearly everyone (93%) prioritizing it in IRM-3. The share mentioning rice, wheat, and maize declined sharply, but a quarter of those in severely hit districts mentioned it as an immediate need in IRM-3. Although fewer mentioned it as a current need in IRM-3 (6%), clean drinking water has also been consistently identified in the severely hit districts. Shelter needs grew in IRM-3. Though the projected need for construction materials declined in IRM-2, it had grown by 39 percentage points at the time IRM-3 was conducted, with 67% saying it is a priority current need.

**The drop in aid coverage did not correspond with any declining demand for aid.**

The share saying they need relief material at present or in the next three months rose in the period between IRM-2 and IRM-3. This was the case in every district except the least affected district of Syangja. Rising demand for aid suggests that people were realizing that recovery has not been as speedy as they initially thought it would be. In the severely hit districts, almost everyone expressed needing aid now or in the future in IRM-1 and IRM-2. In the crisis hit districts, 74% in IRM-1 projected not needing aid in the future. By IRM-2, this had declined to 60%. The share of people holding this view slid further in IRM-3 (42% for both

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44 Reconstruction materials and livestock were not included in IRM-1.
current and future needs). Half of those residing in the hit with heavy losses districts said they did not need relief material in the future in IRM-1. By IRM-2, only 34% said they did not need aid at present. Though they were more likely to say aid would not be needed in the future (48%) in IRM-2, by IRM-3 only 29% said so of the current situation and in the future.

The proportion of people who said they need no aid now or in the next months was particularly low in all of the severely hit districts along with Okhaldhunga and Solukhumbu. Elsewhere, the proportion of people saying they do not need aid any more was much higher, ranging from 35% in Bhaktapur to 74% in Syangja. However, in every district the share of people saying they do not need aid was much lower than the proportion of people who did not receive aid.

As time passes, the gap between needs and aid provided seems to be increasing.

Aid provided has not fitted well with needs, in large part because the coverage of aid was so low in IRM-3. Looking at current needs mentioned in IRM-3, and whether these items have been received since the winter, shows the mismatch. Among those mentioning cash as a current need, only 11% received it from the government and 4% from non-governmental sources. Among those who mention a staple food item as a priority need, only 4% received any type of food aid. Only 2% of those who say they need it received CGI sheets. One percent of those who say they need them received warm clothes. Of all those who mentioned items to reconstruct houses, livestock, medical aid, sanitary products and tents, none report having received such items.

There seemed to be no shared understanding and little coordination at the local level to identify and prioritize needs.

Local government offices did not systematically identify and record needs in communities nor coordinate to facilitate a shared understanding of needs. After the early weeks after the earthquakes, VDCs or districts did not officially record and identify local needs. Non-government organizations were sometimes conducting needs assessments before launching their programs but local stakeholders said that most non-governmental organizations did not conduct such assessments. Where INGOs conducted needs assessments, these were often limited to just the sector the program works in or limited to a number of VDCs in the district. This meant that there was no systematic identification of needs or plan to address needs, nor any shared understanding of needs between different government offices or between government and non-governmental organizations at the local level.

### 3.3 Housing reconstruction cash grants

#### Damage assessments

**Generally people’s housing damage matches their classification in the CBS damage assessment. However, some misclassification seemed to have taken place.**

A series of damage assessments were conducted by the government to decide on who should receive beneficiary cards that would give them access to various government cash grants. Respondents’ self-classification of housing damage closely mirrored how people’s houses were reportedly assessed in the most recent damage assessment (the CBS assessment) but the results suggest that some misclassification may have taken place. Among respondents whose house was classified as fully damaged, 91% said that their house was completely destroyed while 1% said it was not damaged at all (Table 3.5). Eighty-five percent of people whose house was classified as partially damaged said their house was impacted but not destroyed by the earthquake. However, 8% of this group said their house was completely destroyed and another 7% said it was not damaged. Three percent of those whose house was classified as not being damaged said their house was completely destroyed and another 3% said it was badly damaged.

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Table 3.5: Housing classification in most recent damage assessment - by self-reported housing damage (IRM-3, weighted)

<table>
<thead>
<tr>
<th>Self-reported levels of housing damage</th>
<th>Fully damaged</th>
<th>Partially damaged</th>
<th>Normal/not damaged</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completely destroyed</td>
<td>91%</td>
<td>8%</td>
<td>3%</td>
<td>23%</td>
</tr>
<tr>
<td>Badly damaged (needs major repair to live in)</td>
<td>6%</td>
<td>42%</td>
<td>3%</td>
<td>15%</td>
</tr>
<tr>
<td>Habitable (but needs minor repair)</td>
<td>2%</td>
<td>43%</td>
<td>36%</td>
<td>36%</td>
</tr>
<tr>
<td>Not damaged</td>
<td>1%</td>
<td>7%</td>
<td>58%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Satisfaction with the official damage classification was generally low.

In the severely hit districts, more people were satisfied with the classification of their house than in IRM-2 but slightly more are also unsatisfied (Table 3.6). In contrast, in every other district, except Bhaktapur, fewer people were satisfied than before and more people are dissatisfied.

Table 3.6: Satisfaction with official damage classification - by district and district impact (IRM-2, IRM-3 household panel, unweighted)

<table>
<thead>
<tr>
<th>District</th>
<th>IRM-2</th>
<th>IRM-3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Satisfied</td>
<td>Unsatisfied</td>
</tr>
<tr>
<td>Severely hit</td>
<td>85%</td>
<td>4%</td>
</tr>
<tr>
<td>Dhading</td>
<td>57%</td>
<td>3%</td>
</tr>
<tr>
<td>Gorkha</td>
<td>94%</td>
<td>5%</td>
</tr>
<tr>
<td>Nuwakot</td>
<td>95%</td>
<td>3%</td>
</tr>
<tr>
<td>Ramechhap</td>
<td>79%</td>
<td>9%</td>
</tr>
<tr>
<td>Sindhpuchowk</td>
<td>95%</td>
<td>1%</td>
</tr>
<tr>
<td>Crisis hit</td>
<td>80%</td>
<td>14%</td>
</tr>
<tr>
<td>Bhaktapur</td>
<td>80%</td>
<td>11%</td>
</tr>
<tr>
<td>Kathmandu</td>
<td>84%</td>
<td>7%</td>
</tr>
<tr>
<td>Okhaldhunga</td>
<td>79%</td>
<td>19%</td>
</tr>
<tr>
<td>Hit with heavy losses</td>
<td>70%</td>
<td>24%</td>
</tr>
<tr>
<td>Lamjung</td>
<td>52%</td>
<td>38%</td>
</tr>
<tr>
<td>Solukhumbu</td>
<td>92%</td>
<td>7%</td>
</tr>
<tr>
<td>Hit</td>
<td>84%</td>
<td>14%</td>
</tr>
<tr>
<td>Syangja</td>
<td>84%</td>
<td>14%</td>
</tr>
<tr>
<td>All districts</td>
<td>82%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Red = decrease in satisfaction/dissatisfaction; Green = increase in satisfaction/dissatisfaction.

Satisfaction with the most recent housing assessment in their area was highest among those who report their house as being completely damaged (93%), followed by those who say their house is not damaged (76%), badly damaged (63%), and those with habitable houses (56%). Satisfaction grew 15 points since IRM-2 among those who said their house is habitable and 9 points among those who say it is badly damaged. Levels of satisfaction among those who said their house was completely destroyed or not damaged was similar to what was reported before.

Dissatisfaction with the CBS assessment was high as the procedures and criteria were unclear and because many thought that all those who were deemed eligible for earlier government assistance should have also been included in the CBS list.

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46 Both have increased because the number of people who do not know or who refuse to answer has declined since IRM-2.
The qualitative research revealed that local perceptions of what makes someone an earthquake victim, exacerbated by a lack of public knowledge of assessment criteria, led to a feeling of injustice among many who were not included in the beneficiary list. As a result, the cash grant agreement process was obstructed and delayed in many areas. Most protests were to demand that those ‘unfairly’ excluded should also be added to the beneficiary lists and were resolved after people were informed that they could file official complaints and be included later on if found eligible.

**Government housing reconstruction cash grants**

**Many felt that they had been wrongly excluded from receiving a reconstruction cash grant under the Rural Housing Reconstruction Program (RHRP).**

The government is providing a reconstruction grant, currently planned at NPR 300,000, as an incentive to build back better and to help offset some of the costs of reconstructing houses. At the time the IRM-3 survey was conducted, the size of the grant was to be NPR 200,000 and hence questions in this section ask about a NPR 200,000 grant.

**Table 3.7: Eligibility for RHRP grant - by housing damage classification (IRM-3, weighted)**

<table>
<thead>
<tr>
<th>Housing classification in the most recent official damage assessment</th>
<th>Yes</th>
<th>No</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully damaged</td>
<td>80%</td>
<td>15%</td>
<td>5%</td>
</tr>
<tr>
<td>Partially damaged</td>
<td>20%</td>
<td>74%</td>
<td>6%</td>
</tr>
<tr>
<td>Normal/Not damaged</td>
<td>0%</td>
<td>98%</td>
<td>1%</td>
</tr>
<tr>
<td>Don't know</td>
<td>4%</td>
<td>74%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Forty-nine percent of respondents said they were declared ineligible for the RHRP grant. These people were asked whether they should have been eligible for it. Sixty-two percent of people who said they were not eligible agreed that this was correct. However, 28% of those declared ineligible said they should be eligible. Feelings of being miscategorized as ineligible were particularly high in the severely hit districts where, overall, 83% of those declared ineligible said they should have been eligible. Twenty-two percent of those were told they are ineligible in crisis hit districts, 37% in hit with heavy losses districts, and 24% in the hit district felt that they had been unfairly excluded.

Almost half (47%) of those who felt they were unfairly excluded said that their house was officially classified as completely destroyed. This suggests that the problem is not just people disagreeing with how their house was classified. While some people may not have understood what classification their house received, the findings do suggest that there is a problem in ensuring that those whose house was classified as completely destroyed are eligible for the RHRP and that they understand they are. Twenty-two percent of those who said they have unfairly been declared ineligible said that their house was declared partly damaged.

**Those who received the first installment of the reconstruction cash grant generally received the full amount, with the exception of Gorkha.**

By September 2016, the government had begun 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 were declared eligible and who had signed agreements. Importantly, the government and the NRA defined disbursement of the housing grant as being the point

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47 Results are similar if we look at people’s own classification on the damage to their house. Seventy-six percent of respondents who say their house was completely damaged say they were declared eligible (40% badly damaged, 4% habitable, 0% not damaged).

at which the money was put in eligible beneficiaries’ bank accounts rather than when beneficiaries were able to withdraw money.

Of those who had been able to access money at the time the survey was conducted in September, most received the full amount of the first installment (NPR 50,000) apart from in Gorkha (average NPR 49,872). This suggests that some beneficiaries were charged a fee, against the NRA guidelines, in Gorkha.

**Delays and obstacles in accessing the cash grants were common.**

Few had received the first installment at the time of the IRM-3 research (September 2016). Only 8% of those who were declared eligible for the grant received any money. This was largely due to the fact that disbursement had not yet been completed and there has been much progress in disbursing the money since then. However, people interviewed for the qualitative research also commonly mentioned problems accessing the money, even when it was in their account. This was particularly problematic for people who unable to go to the bank in person, especially those who were out of the country. Some district officers said that they had asked the NRA to ease the access of earthquake victims who were unable to visit banks in person to withdraw the reconstruction grant, but had not yet received replies from the NRA at the time of research. In Okhaldhunga, a bank manager said that several branch managers collectively proposed to ease the process of distribution to earthquake victims in the district, and to distribute cash to the victims in the village, but that the NRA was not cooperative.

Mistakes while entering beneficiary details in cash grant agreements were the most common problem preventing people from withdrawing the first installment from bank accounts. To illustrate, twenty-three out of 286 beneficiaries could not access bank accounts in Ramechhap due to the spelling of their names in the cash grant agreements they signed not matching the spelling in their citizenship certificate, their bank account, and other documentation. Similar problems were also reported in other districts.

**Few planned to use the first installment of the cash grant for the intended purpose.**

The grant is to encourage earthquake-resistant construction. Future tranches of funds are meant to be dependent on following NRA guidelines on safe construction. Of those who were declared eligible, however, only 44% said they planned to do so (Figure 3.6). One-quarter said they planned to use the grant to rebuild or retrofit their previous house.49 Ten percent said they would use the funds to support their livelihoods and 5% to pay off loans. It is important to note, however, that as the cash grant program was being rolled out, many areas were without technical assistance and few people would have been informed about the precise building requirements.

![Figure 3.6: Plans for use of RHRP grant amongst those declared eligible (IRM-3, weighted)](image.png)

49 There is now a separate grant to support retrofitting. Since late 2016, after IRM-3 research was conducted, some of those eligible for reconstruction cash grants can use their first installment of the grant for retrofitting instead (those categorized in damage grade category 3-minor repairs). Overall, they would receive a smaller amount disbursed in two rather than three installments.
The proportions of eligible beneficiaries who plan to follow NRA rules on technical standards varied massively across districts.

In Nuwakot, 92% of people said they plan to do so (Table 3.8). But in every other district, with the exception of Gorkha, more people said they will use the money for other things. Planned retrofitting was particularly high in Ramechhap (53%) and Kathmandu (50%). Building a house not following the NRA guidelines was high in Sindhupalchowk (17%). Planned use to pay off loans was high in Lamjung (22%), Gorkha (12%), and Dhading (10%). Use for livelihoods was very high in Dhading (30%). Unsurprisingly, large proportions of people in the hit with heavy losses districts and the hit district, as well as in Kathmandu and Bhaktapur, did not know what they would use the money for. Grant disbursement had not started in these places and people may have therefore had little information on if and when the program would begin and what the rules for it would be.

Table 3.8: Plans for use of RHRP grant amongst those declared eligible - by district impact and district (IRM-3, weighted)

<table>
<thead>
<tr>
<th>District Impact</th>
<th>Rebuild/retrofit previous house</th>
<th>Build new house using accepted NRA model</th>
<th>Build new house not using NRA model/not sure if new house will be NRA model</th>
<th>Pay off loans</th>
<th>Livelihood support</th>
<th>For other things</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severely hit</td>
<td>21%</td>
<td>55%</td>
<td>5%</td>
<td>6%</td>
<td>9%</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Dhading</td>
<td>25%</td>
<td>30%</td>
<td>10%</td>
<td>10%</td>
<td>30%</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>Gorkha</td>
<td>8%</td>
<td>58%</td>
<td>6%</td>
<td>12%</td>
<td>12%</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>Nuwakot</td>
<td>3%</td>
<td>92%</td>
<td>3%</td>
<td>3%</td>
<td>8%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Ramechhap</td>
<td>53%</td>
<td>37%</td>
<td>1%</td>
<td>0%</td>
<td>1%</td>
<td>1%</td>
<td>8%</td>
</tr>
<tr>
<td>Sindhupalchowk</td>
<td>14%</td>
<td>53%</td>
<td>17%</td>
<td>0%</td>
<td>6%</td>
<td>3%</td>
<td>8%</td>
</tr>
<tr>
<td>Crisis hit</td>
<td>46%</td>
<td>3%</td>
<td>1%</td>
<td>1%</td>
<td>12%</td>
<td>0%</td>
<td>25%</td>
</tr>
<tr>
<td>Bhaktapur</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Kathmandu</td>
<td>50%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Okhaldhunga</td>
<td>7%</td>
<td>40%</td>
<td>7%</td>
<td>7%</td>
<td>13%</td>
<td>0%</td>
<td>27%</td>
</tr>
<tr>
<td>Hit with heavy losses</td>
<td>7%</td>
<td>24%</td>
<td>0%</td>
<td>12%</td>
<td>9%</td>
<td>0%</td>
<td>54%</td>
</tr>
<tr>
<td>Lamjung</td>
<td>0%</td>
<td>44%</td>
<td>0%</td>
<td>22%</td>
<td>11%</td>
<td>0%</td>
<td>33%</td>
</tr>
<tr>
<td>Solukhumbu</td>
<td>14%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>7%</td>
<td>0%</td>
<td>79%</td>
</tr>
<tr>
<td>Hit</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Syangja</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>All districts</td>
<td>25%</td>
<td>44%</td>
<td>4%</td>
<td>5%</td>
<td>10%</td>
<td>1%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Limited technical assistance was provided at the time of research. Where deployed engineers were present, they were often inactive and waiting for cash grants to be distributed and rebuilding to begin.

The qualitative research shows some people were unwilling to wait for the housing reconstruction cash scheme, which involved technical assistance, to be rolled out and have started rebuilding on their own. This usually meant that they did not use earthquake-safe measures. The coverage of technical assistance remained low at the time of IRM-3. Some non-government organizations were providing technical assistance alongside the government deployed engineers. The latter were deployed during the cash grant agreement process to brief citizens about building codes and government criteria for house reconstruction. But they were largely inactive in September 2016, saying they had little to do as people were waiting to receive their first installment before starting rebuilding.
Satisfaction with the reconstruction cash grant scheme

**Overall, perceptions of the RHRP housing reconstruction program were not favorable. People were more satisfied with the agreement process than with the assessment to determine eligibility or with access to the grant.**

In each of the 24 wards in the six districts visited for the qualitative research where the cash grant program had been launched, researchers sought to determine views towards the program, ranking each ward by whether most people felt the program had been satisfactory or not. They also sought to unpack views towards different stages of the program.50

As Figure 3.7 shows, people were more likely to express dissatisfaction with the program than satisfaction. In 15 wards, dissatisfaction was common compared to only four where people were generally satisfied. Dissatisfaction was particularly high about the CBS damage assessment, which determined eligibility, and about access to cash grants once people had signed agreements. In contrast, people viewed the cash grant agreement process more favorably. Many thought the agreement process was well managed, coordinated, and completed without any major problems, after initial protests and obstructions were resolved. The majority of citizens interviewed for the qualitative research spoke positively of the cash grant agreement process, including those not listed as beneficiaries. People were satisfied with the process of signing agreements at the VDC center, covering wards one by one, and with the involvement of local stakeholders such as local party representatives, Ward Citizen Forum (WCF) coordinators, Social Mobilizers, and other facilitators as well as I/NGOs which provided substantial logistical support during the process in most areas. People were also satisfied with amendments to the NRA guidelines for signing agreements such as new provisions for those out of the country or without land ownership certificates. Those who received the first installment of the grant also assessed the program more favorably, although they remained dissatisfied with the amount and unclear information on timelines and procedures of the different steps in the program.

**Figure 3.7: Citizens’ perception of the government’s cash grant program (number of wards – qualitative research)**

![Graph showing satisfaction levels]

**Frustration, discontent, and confusion was particularly high among citizens and officials in districts where the CBS assessment was not conducted**

Without completion of the CBS assessment, the cash grant scheme could not yet be rolled out at the time of research further delaying reconstruction in less severely hit districts (Syangja and Solukhumbu visited for the qualitative research). Citizens and officials in Solukhumbu and Syangja criticized and expressed frustration over the government’s decision to exclude these districts from first round of the CBS assessment delaying the cash grant agreement process, especially

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50 The data is based on researchers’ conversations (individual meetings, citizen interviews and focus group discussions) with ward citizens, officials, and other stakeholders. As such it is not necessarily an objective reflection on the quality of these processes.
in Solukhumbu where at least seven VDCs registered damages as high as those in severely hit districts. Officials in both in Syangja and Solukhumbu were frustrated with a lack of clarity and the government’s inability to inform them if and when cash grants will be provided to earthquake-affected households in these districts.

**Dissatisfaction was highest over the size of the cash grant. While the grant was intended as incentive to build earthquake-resilient buildings, not to fully cover construction costs, many were dissatisfied with the amount as they thought it was insufficient. Estimates of construction costs show that the grant will likely only cover a small share of the costs.**

Most said the amount of the reconstruction cash grant was inadequate for covering construction costs in any of the earthquake-affected areas. When those who have been declared eligible for the grant were asked to estimate costs for rebuilding/constructing, the average amounts stated went well above the NPR 300,000 grant.\(^{51}\) The lowest average amount was NPR 404,019 in the hit district of Syangja. The average cost mentioned in the severely hit, crisis hit, and hit with heavy losses districts were NPR 1,014,626, NPR 2,523,949, and NPR 656,539, respectively.

The average cost of rebuilding/constructing people’s house given by those whose house was classified as fully damaged in the most recent damage assessment was NPR 1,433,489. For those whose house was classified as partially damaged, the figure was NPR 890,216. For those whose house was not extensively damaged, but who were declared eligible for the grant, the figure was NPR 280,632.

Seven in 10 respondents who were declared eligible for the grant said that the NPR 200,000 grant would cover less than one-quarter of the cost of reconstructing/rebuilding their house. Two in 10 said it would cover 25-50% of the costs. Only 5% said this amount would cover over half to all of the costs.

The majority of citizens interviewed in the qualitative research were dissatisfied that the first installment of NPR 50,000 would not be enough for even the initial preparation for construction (demolition, clearing debris, damp proofing coursing) let alone constructing the foundations as prescribed in the grant guidelines. Respondents in Sindhupalchowk and Gorkha, in particular, said out that NPR 50,000 was barely enough to demolish their old house. Concerns regarding high carriage charges for transporting building materials to remote areas and high labor costs were also commonly raised.

**The government has made provisions to provide soft loans to help with housing reconstruction but this has not happened in practice.**

These loans can be of up to NPR 300,000 without collateral. There is also provision for subsidized loans of up to NPR 1,500,000 outside the Kathmandu Valley, and up to NPR 2,500,000 inside the Valley with collateral.\(^{52}\) However, banks have been found to be reluctant to provide soft loans without assurances from the government for repayment.\(^{53}\)

\(^{51}\) As noted, government policy has changed since the IRM-3 survey with the grant now planned to be NPR 300,000. However, questions were asked about the initially envisioned sum of NPR 200,000.

Coordination was generally weak at the local level, both between different government offices and between government and non-governmental organizations. Overlap of or confusion over respective responsibilities hindered effective coordination and affected the reconstruction process.

Many local government officials and other stakeholders argued that the establishment of the NRA had hindered coordination and the process of reconstruction. They thought there was a lack of efficient coordination between the NRA and local government offices and that reconstruction could have been implemented more efficiently through already established and functioning government offices or mechanisms, such as the District Disaster Relief Committees (DDRCs) and Relief Distribution Committees. Delays in the establishment of local NRA offices only made local coordination more difficult. In several districts, local NRA representatives were appointed only after the completion of the CBS assessment and when the cash grant agreement process had already started. At the time of the research, some NRA sub-regional offices also looked after neighboring districts. This too meant that there was no local NRA presence in some districts, hindering effective coordination and information sharing there.

Overlap of jurisdictions and confusion over which government office was responsible for what were commonly observed. District and local level authorities said they were confused whether to address the complaints received by the DDRC or the new complaints received after the CBS categorization. They thought that the NRA guidelines were confusing and officials have struggled to address even genuine complaints due to a lack of clarity.

Further, according district offices, almost 70 percent of the beneficiary details were wrongly entered in the list. These mistakes were corrected by VDC secretaries with computer operators. A NRA sub-divisional representative appointed as a focal person to look into the issue in Okhaldhunga could not continue his work due to dissatisfaction over the NRA’s role and over the exclusion of district level political parties in the District Coordination Committee (DCC).

**Case Study 3.1: Confusion over responding to complaints in Okhaldhunga**

In Okhaldhunga, informants said that conflicting jurisdictions between different agencies involved in reconstruction has added to the delays in the reconstruction process. Government officials and political parties involved in reconstruction, who worked through the DDRC prior to CBS assessment, blamed the NRA for disregarding earlier assessments and complaints. The DDRC had categorized 15,619 households as being fully damaged meaning they would receive NPR 15,000 and NPR 10,000 cash assistance for temporary shelter construction and for winter relief. Some 6,000 complaints against the categorization were received by the DDRC. The CBS categorization increased the list of beneficiaries to 19,818. Yet even after the new assessment, around 5,600 additional complaints were filed. The district level authorities said they were confused whether to address the complaints received by the DDRC or the new complaints received after the CBS categorization. They thought that the NRA guidelines were confusing and officials have struggled to address even genuine complaints due to a lack of clarity.

Further, according district offices, almost 70 percent of the beneficiary details were wrongly entered in the list. These mistakes were corrected by VDC secretaries with computer operators. A NRA sub-divisional representative appointed as a focal person to look into the issue in Okhaldhunga could not continue his work due to dissatisfaction over the NRA’s role and over the exclusion of district level political parties in the District Coordination Committee (DCC).

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**3.4 Coordination of aid**

For instance, the cash grant agreement process began in the first week of May 2016 in Sindhupalchowk while the focal person of NRA was appointed after mid-June. District level informants in Ramechhap thought that the late opening of regional NRA offices delayed the distribution of reconstruction cash grants. No NRA representatives had been appointed in Syangja and Solukhumbu districts at the time of research. Even though the cash grant process had not yet started in the latter two districts, the absence of a local NRA presence was seen to hinder efficient communication on the process and the delivery of much-needed information on timelines and procedures to local communities.
newly established Disaster Coordination Committees (DCCs). The impact of this was particularly noticeable with regards to complaints resolution (Case Study 3.1). Filed complaints were often passed from one office to another and back without being resolved.

The role of District Coordination Committees (DCCs), established to facilitate the coordination of reconstruction at the district level, was generally ceremonial. This body was found to be largely ineffective due to the absence of members of parliament, who are generally based in Kathmandu and who are directed to lead them. Local political party representatives whose support local government officials tend to need to implement decisions, were not invited to DCC meetings. District government officials were often taking care of the day-to-day work of the DCCs in the absence of parliamentarians. Yet, they had little decision-making power and ability to coordinate reconstruction in the district through the DCCs.

Coordination between non-government organizations or other actors involved in reconstruction and local government bodies seemed to be poor in the six districts visited for the qualitative research, despite some attempts to make coordination smooth. I/NGOs were widely criticized for not coordinating with district or VDC stakeholders (government and civil society/communities). In some cases, I/NGOs coordinated with the district level authority but did not contact VDC offices and local communities. This, government officials and civil society representatives claimed, was leading to a mismatch between I/NGO support and people’s needs and increased dissatisfaction the I/NGOs. On the other hand, I/NGOs pointed out that lengthy procedures to get their projects approved often made timely and efficient coordination at the local level difficult.

3.5 Communication and satisfaction

Communication about aid

The most common source for information about aid were neighbors, radio, the VDC office, and Ward Citizen Forums.

Of these, neighbors were a source of information for 82% (Figure 3.8). Other top sources were radio (31%), the VDC Secretary (24%), and Ward Citizen Forum (WCF) members (18%). Political parties, school teachers, and relatives and friends in district headquarters or Kathmandu were less common sources. Very few people got information on aid from NGOs.

VDC offices and Ward Citizen Forums (WCFs) were more important sources of information in more remote areas. Fewer people in less remote areas relied on the VDC Secretary (14%) and the WCF (11%) compared to people in remote (31% VDC Secretary, 23% WCF) and more remote (37% VDC Secretary, 29% WCF) areas. The likelihood of political parties being a source of information on aid also increases with remoteness (4% less remote, 8% remote, 12% more remote areas).

Overall, people did not feel that they could communicate well with aid providers, especially those removed from the local level.

When asked whether they felt they could communicate to receive information or make a complaint, for every aid provider people tended to say communication was bad or, at best, okay. Relatively few said that communication was good.

People were more likely to say communication was bad with bodies that are the most removed from the local level (Figure 3.9). Six in 10 said that communication was bad with INGOs and foreign government (63% each), and half of respondents said this about the central government (50%). For other aid providers, people tended to think that communication with them was okay. Though few said that communication was good, people were more likely to say this about the police (29%), local administration centers (26%), and the armed police force (24%).

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55 New NRA platforms such as sub-regional NRA offices, DCCs, and grievance hearing mechanisms do not formally involve local level political parties. The DCCs are led by parliamentarians from the respective districts. Local government officials were often leading the day to day work of the DCCs in the absence of parliamentarians who are based in Kathmandu. Yet, they had little decision-making power and ability to coordinate reconstruction in the district through the DCCs.

56 Multiple responses are allowed. Hence percentages do not add up to 100%.

57 Refers to VDC office, ward level office in case of municipalities, and area offices.
Figure 3.8: Sources of information on aid (IRM-3, weighted)

Figure 3.9: Satisfaction with communication with aid providers (IRM-3, weighted)
People in severely and crisis hit districts were more likely to say that communication was good than those in the less affected hit with heavy losses and hit districts. In the severely hit districts, the aid providers for which people were most likely to say that communication was good are local community organizations (27%), local administration centers (26%), police (25%), and local political parties (24%).

In general, those who have not received aid were slightly more likely to feel that aid communication with most agencies was better than those who had not received aid. This suggests that expectations on communication are higher amongst aid recipients than others.

**Levels of satisfaction with communication with aid providers were low.**

Less than half of respondents were satisfied with how any aid provider had informed them about aid since the end of the winter (Figure 3.10). Respondents were most likely to be satisfied with the police (51%), followed by local community organizations (49%), the army (47%), and the armed police force (46%). People expressed the highest levels of dissatisfaction on information provided about aid by political parties (68%), private business groups (51%), and the central government (50%).

People in the severely hit districts were more likely than those in districts with lower levels of impact to be satisfied with how aid providers have provided information about aid. This points to aid providers being more active in the severely hit districts compared to other areas.

Satisfaction levels were higher if communication with the particular aid provider was perceived as being either good or okay (Table 3.9). This was especially true for providers working in close proximity to aid recipients, such as local administration centers and local community organizations. For these bodies, satisfaction was clearly tied to the perceived quality of communication with half or more satisfied with aid providers if communication is either okay or good. This trend holds for local political parties, but the level of satisfaction with them was very low regardless of perceptions of communication with them. In contrast, satisfaction with information providers did not appear to be as linked to the perceived quality of communication for providers more removed from the area such as the central government, INGOs, NGOs, and foreign governments.

![Figure 3.10: Satisfaction with how aid providers communicate about aid – by aid provider (IRM-3, weighted)](chart)
Different groups’ sources of information on aid and satisfaction with these varied.

Those belonging to lower castes, those with lower incomes, and those in remote areas were less likely to say that they can communicate well with different aid providers, to receive information or make a complaint. Women were also slightly less likely than men to say that communication was okay with various aid providers asked about in the survey.

Satisfaction with aid distribution

**Satisfaction with every aid provider decreased significantly between IRM-2 and IRM-3.**

Between IRM-1 and IRM-2 satisfaction levels with most aid providers did not change dramatically (Table 3.10). In February 2016 (IRM-2), eight in 10 respondents were satisfied with the security forces (the army, police, armed police force), which was only a slight decline from the high levels of satisfaction with these bodies right after the earthquake during rescue efforts. Satisfaction with local administration centers nearly doubled between IRM-1 and IRM-2. However, from March 2016 to September 2016 (IRM-3), satisfaction with every aid provider decreased sharply. Satisfaction levels with every aid provider was below 50% in IRM-3, with the exception of the police (51%). Satisfaction with other security forces, INGOs, and NGOs dropped by at least 30 percentage points between IRM-2 and IRM-3. The smallest change in satisfaction was with political parties (5 point drop), but the level of satisfaction with them was already comparatively low with one-quarter being satisfied with political parties in IRM-2.

In September 2016, the government, INGOs, and NGOs were mentioned as the most common aid providers. However, only four in 10 people were satisfied with any of these bodies. The level of satisfaction with them was similar to that with foreign governments and lower than any of the security forces or local community organizations, all entities that provided much less aid than the government, INGOs, or NGOs.

**Table 3.10: Proportion satisfied with aid provider (IRM-1, IRM-2, IRM-3, weighted)**

<table>
<thead>
<tr>
<th></th>
<th>IRM-1</th>
<th>IRM-2</th>
<th>IRM-3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central government</td>
<td>56%</td>
<td>51%</td>
<td>40%</td>
</tr>
<tr>
<td>Army</td>
<td>90%</td>
<td>83%</td>
<td>48%</td>
</tr>
<tr>
<td>Police</td>
<td>90%</td>
<td>82%</td>
<td>51%</td>
</tr>
<tr>
<td>Armed police force</td>
<td>88%</td>
<td>80%</td>
<td>47%</td>
</tr>
<tr>
<td>Local political parties</td>
<td>36%</td>
<td>26%</td>
<td>21%</td>
</tr>
<tr>
<td>Local administration center</td>
<td>33%</td>
<td>60%</td>
<td>43%</td>
</tr>
<tr>
<td>INGOs</td>
<td>75%</td>
<td>73%</td>
<td>39%</td>
</tr>
<tr>
<td>NGOs</td>
<td>69%</td>
<td>70%</td>
<td>41%</td>
</tr>
<tr>
<td>Local community organizations</td>
<td>63%</td>
<td>66%</td>
<td>49%</td>
</tr>
<tr>
<td>Private businesses</td>
<td>53%</td>
<td>51%</td>
<td>29%</td>
</tr>
<tr>
<td>Foreign governments</td>
<td>72%</td>
<td>67%</td>
<td>40%</td>
</tr>
<tr>
<td>Religious groups</td>
<td>51%</td>
<td>53%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Satisfaction with the central government, INGOs, and NGOs was higher among those who received aid in IRM-3. These bodies were also the top providers of aid, which likely drove the favorable views. Other providers got mixed reviews. Satisfaction with the security forces and foreign governments was higher among those who did not get aid. Levels of satisfaction
Aid and Housing Reconstruction Cash Grants

were similar among those who got aid and those who did not when it comes to assistance provided by political parties, local administration centers, local community organizations, private businesses, and religious groups.

People said dissatisfaction with I/NGOs was rising because of their alleged disregard of people’s needs when designing and implementing programs.

Dissatisfaction with non-governmental recovery programs was mainly due to the high priority people gave to the reconstruction of private houses. Where I/NGOs worked on reconstruction, it was largely focused on relief or trainings and other soft forms of assistance rather than directly rebuilding or providing cash grants for rebuilding houses. People did not always think such assistance was needed or useful. As a local resident in Sindhupalchowk said: “Life does not move ahead with bucket and soap. The time to distribute such materials is over. Organizations should start distributing construction materials if they really want to help the earthquake victims.” Relief based on specific procedures and criteria set by I/NGOs for targeting also drew criticism from those excluded. Dissatisfaction was higher and more strongly expressed in Gorkha and Sindhupalchowk where I/NGO presence was higher.

Increasing dissatisfaction with the government and political parties was largely due to delays in the provision of cash grants, unclear policies and information, and delays in addressing complaints.
In Syangja and Solukhumbu, where the cash grant agreement process had not yet begun, dissatisfaction was highest. People in these districts were highly dissatisfied with the government for delays in rolling out and information on the reconstruction cash grant program. Even in districts where cash grants were being distributed, people were dissatisfied with the government. This was mainly due to what they considered to be flaws in the CBS assessment, being missed out of the beneficiary lists, delayed cash grant distribution, what they considered to be insufficient cash support, and the delayed or unclear process of addressing complaints. At the time of the research, few complaints had been resolved and most were passed to the next higher office or the NRA. Most of those who had filed grievances had not heard anything on whether and how their grievances would be resolved. Much progress has since been made in addressing complaints. Yet many still need further verification or re-assessment.

**Table 3.11: Share of people who agree that VDC/municipalities are distributing aid fairly – by district impact and district**

<table>
<thead>
<tr>
<th>District Impact</th>
<th>IRM-1</th>
<th>IRM-2</th>
<th>IRM-3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severely hit</td>
<td>72%</td>
<td>73%</td>
<td>57%</td>
</tr>
<tr>
<td>Dhading</td>
<td>69%</td>
<td>69%</td>
<td>50%</td>
</tr>
<tr>
<td>Gorkha</td>
<td>81%</td>
<td>72%</td>
<td>68%</td>
</tr>
<tr>
<td>Nuwakot</td>
<td>64%</td>
<td>81%</td>
<td>78%</td>
</tr>
<tr>
<td>Ramechhap</td>
<td>73%</td>
<td>74%</td>
<td>57%</td>
</tr>
<tr>
<td>Sindulpalchowk</td>
<td>73%</td>
<td>74%</td>
<td>40%</td>
</tr>
<tr>
<td>Crisis hit</td>
<td>46%</td>
<td>52%</td>
<td>50%</td>
</tr>
<tr>
<td>Bhaktapur</td>
<td>36%</td>
<td>42%</td>
<td>45%</td>
</tr>
<tr>
<td>Kathmandu</td>
<td>28%</td>
<td>53%</td>
<td>19%</td>
</tr>
<tr>
<td>Okhaldhunga</td>
<td>63%</td>
<td>63%</td>
<td>63%</td>
</tr>
<tr>
<td>Hit with heavy losses</td>
<td>58%</td>
<td>61%</td>
<td>49%</td>
</tr>
<tr>
<td>Lamjung</td>
<td>55%</td>
<td>54%</td>
<td>45%</td>
</tr>
<tr>
<td>Solukhumbu</td>
<td>67%</td>
<td>89%</td>
<td>67%</td>
</tr>
<tr>
<td>Hit</td>
<td>51%</td>
<td>72%</td>
<td>45%</td>
</tr>
<tr>
<td>Syangja</td>
<td>51%</td>
<td>72%</td>
<td>45%</td>
</tr>
<tr>
<td><strong>All districts</strong></td>
<td>63%</td>
<td>67%</td>
<td>54%</td>
</tr>
</tbody>
</table>

**Perceptions of the fairness of the distribution of aid by VDCs or municipalities also markedly declined.**

Dissatisfaction with VDC offices was also high. Most often, residents complained about the absence of VDC secretaries. There were also complaints about the accountability of the VDC office and a lack of information. In IRM-1, 63% of the 1,470 people who were also interviewed in IRM-2 and IRM-3 believed distribution was fair and this increased to 67% in IRM-2. However, this then declined to 54% by the time of IRM-3 (Table 3.11). Among the severely hit districts, the largest drop was in Sindhupalchowk with just four in 10 agreeing with the statement in IRM-3 compared to over seven in 10 in IRM-1 and IRM-2. There was also a sharp drop in Dhading and Ramechhap while views were similar to IRM-2 in Gorkha and Nuwakot. In the crisis hit districts, views among respondents surveyed in all three waves of the survey in Bhaktapur and Okhaldhunga remained unchanged, but there was a steep drop in the share believing aid distribution has been fair in Kathmandu. Kathmandu has by far the lowest level of satisfaction of any district. The perception of people thinking distribution was fair increased between IRM-1 and IRM-2 in Solukhumbu and Syangja, but dropped in IRM-3 in both districts.

**Figure 3.11: Opinions on whether everyone can get aid according to their needs**

Of the 4,446 respondents interviewed in both IRM-2 and IRM-3, 75% agreed (26% strongly, 49% somewhat) and 20% disagreed (2% strongly, 18% somewhat) with the statement that people of every caste, religion, and ethnicity were equally able to receive aid according to their needs in IRM-3. The share agreeing with the statement decreased from 90% in IRM-2 to 75% in IRM-3 points (Figure 3.11).

Bars do not add up to 100% because some respondents did not have an opinion.
Marginalized and vulnerable groups were frequently identified as groups less likely to receive aid according to their needs.

Those who disagree that everyone is able to get aid equally according to their needs were asked who is less likely to receive aid according to their needs. People most commonly mentioned a caste group: lower caste (45%), higher caste (16%), and Janajatis (17%) — Figure 3.12. Other groups named include the elderly (27%), women (14%), and those who are disabled/sick (14%).

Figure 3.12: Groups who are unable to get aid equally according to their needs among those who disagree that everyone can get aid equally (IRM-3, weighted)
Chapter 4. 
Coping Strategies

4.1 Borrowing

Rates of borrowing

The proportion of people borrowing in IRM-3 remained similar to IRM-2 but was much higher than in IRM-1.

The number of people borrowing in IRM-3 remained high and was similar to IRM-2 at 32%, a doubling of the numbers since IRM-1. Almost half of the population in severely hit districts had borrowed in IRM-3. Around one-quarter reported borrowing in crisis hit and hit with heavy losses districts.

Amounts borrowed have increased since the early months after the earthquakes.

Over half of those who took loans between IRM-2 and IRM-3 borrowed less than NPR 100,000 (59%). Twelve percent borrowed between NPR 100,000 and 200,000 and seven percent borrowed between NPR 200,000 and 400,000. Only ten percent borrowed more than NPR 400,000.

Weighted data show that the average amount borrowed decreased from NPR 303,130 in IRM-2 to NPR 213,451. However, this still far exceeds the average amounts borrowed in IRM-1 (NPR 103,057) – Table 4.2. The overall decline in sums borrowed between IRM-1 and IRM-3 was driven mainly by Dhading, Kathmandu, and Solukhumbu. Elsewhere, the average amount borrowed increased.

Table 4.1: Share of people who borrowed money (IRM-1, IRM-2, IRM-3, weighted)

<table>
<thead>
<tr>
<th></th>
<th>IRM-1</th>
<th>IRM-2</th>
<th>IRM-3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severely hit</td>
<td>24%</td>
<td>49%</td>
<td>43%</td>
</tr>
<tr>
<td>Dhading</td>
<td>25%</td>
<td>52%</td>
<td>48%</td>
</tr>
<tr>
<td>Gorkha</td>
<td>17%</td>
<td>45%</td>
<td>36%</td>
</tr>
<tr>
<td>Nuwakot</td>
<td>14%</td>
<td>43%</td>
<td>34%</td>
</tr>
<tr>
<td>Ramechhap</td>
<td>40%</td>
<td>63%</td>
<td>59%</td>
</tr>
<tr>
<td>Sindhupalchowk</td>
<td>30%</td>
<td>46%</td>
<td>42%</td>
</tr>
<tr>
<td>Crisis hit</td>
<td>11%</td>
<td>22%</td>
<td>25%</td>
</tr>
<tr>
<td>Bhaktapur</td>
<td>11%</td>
<td>22%</td>
<td>14%</td>
</tr>
<tr>
<td>Kathmandu</td>
<td>9%</td>
<td>19%</td>
<td>23%</td>
</tr>
<tr>
<td>Okhaldhunga</td>
<td>30%</td>
<td>66%</td>
<td>66%</td>
</tr>
<tr>
<td>Hit with heavy losses</td>
<td>10%</td>
<td>24%</td>
<td>24%</td>
</tr>
<tr>
<td>Lamjung</td>
<td>7%</td>
<td>21%</td>
<td>23%</td>
</tr>
<tr>
<td>Solukhumbu</td>
<td>15%</td>
<td>29%</td>
<td>26%</td>
</tr>
<tr>
<td>Hit</td>
<td>4%</td>
<td>43%</td>
<td>45%</td>
</tr>
<tr>
<td>Syangja</td>
<td>4%</td>
<td>43%</td>
<td>45%</td>
</tr>
<tr>
<td>All districts</td>
<td>14%</td>
<td>32%</td>
<td>32%</td>
</tr>
</tbody>
</table>

59 IRM-3 borrowers took loans between the end of the 2016 winter season (around March 2016) and September 2016. IRM-2 borrowers took loans from the beginning of the 2015 monsoon season (June 2015) and March 2016. IRM-1 borrowers took loans between the April earthquake and June 2015.
### Table 4.2: Average borrowing in NPR – by district impact and district (IRM-1, IRM-2, IRM-3, weighted)

<table>
<thead>
<tr>
<th>District</th>
<th>IRM-1</th>
<th>IRM-2</th>
<th>IRM-3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severe hit</td>
<td>45,289</td>
<td>262,343</td>
<td>155,094</td>
</tr>
<tr>
<td>Dhading</td>
<td>54,719</td>
<td>645,171</td>
<td>172,533</td>
</tr>
<tr>
<td>Gorkha</td>
<td>53,910</td>
<td>149,389</td>
<td>152,641</td>
</tr>
<tr>
<td>Nuwakot</td>
<td>38,668</td>
<td>153,974</td>
<td>176,446</td>
</tr>
<tr>
<td>Ramechhap</td>
<td>44,811</td>
<td>118,267</td>
<td>121,906</td>
</tr>
<tr>
<td>Sindhupalchowk</td>
<td>34,859</td>
<td>111,245</td>
<td>150,104</td>
</tr>
<tr>
<td>Crisis hit</td>
<td>185,747</td>
<td>408,363</td>
<td>300,829</td>
</tr>
<tr>
<td>Bhaktapur</td>
<td>66,671</td>
<td>213,744</td>
<td>573,812</td>
</tr>
<tr>
<td>Kathmandu</td>
<td>243,843</td>
<td>531,259</td>
<td>324,193</td>
</tr>
<tr>
<td>Okhaldhunga</td>
<td>49,740</td>
<td>97,622</td>
<td>110,859</td>
</tr>
<tr>
<td>Hit with heavy losses</td>
<td>99,799</td>
<td>166,422</td>
<td>216,281</td>
</tr>
<tr>
<td>Lamjung</td>
<td>62,071</td>
<td>228,662</td>
<td>305,088</td>
</tr>
<tr>
<td>Solukhumbu</td>
<td>130,514</td>
<td>131,100</td>
<td>75,000</td>
</tr>
<tr>
<td>Hit</td>
<td>34,375</td>
<td>167,021</td>
<td>194,430</td>
</tr>
<tr>
<td>Syangja</td>
<td>34,375</td>
<td>167,021</td>
<td>194,430</td>
</tr>
<tr>
<td>All districts</td>
<td>103,057</td>
<td>303,130</td>
<td>213,451</td>
</tr>
</tbody>
</table>

Unweighted panel data from the three research rounds show that the sums borrowed from different sources have been increasing. Table 4.3 outlines the average amounts borrowed, disaggregated by earthquake impact category. It shows that, in general, people have been borrowing more from most sources across each category of earthquake impacts. For instance, the mean amount borrowed from banks in severely hit districts increased almost ten-fold from IRM-1 to IRM-3. Increases for other lending sources were not as steady, but there is hardly any category where the mean average declined compared to IRM-1.

### Table 4.3: Mean of self-reported amount (in thousand NPR) borrowed from different sources in the three survey waves (IRM-1, IRM-2, IRM-3 household panel, unweighted)

<table>
<thead>
<tr>
<th>Source</th>
<th>IRM-1</th>
<th>IRM-2</th>
<th>IRM-3</th>
<th>IRM-1</th>
<th>IRM-2</th>
<th>IRM-3</th>
<th>IRM-1</th>
<th>IRM-2</th>
<th>IRM-3</th>
<th>IRM-1</th>
<th>IRM-2</th>
<th>IRM-3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moneylender</td>
<td>65</td>
<td>94</td>
<td>103</td>
<td>34</td>
<td>228</td>
<td>83</td>
<td>11</td>
<td>28</td>
<td>48</td>
<td>20</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Friend</td>
<td>73</td>
<td>68</td>
<td>75</td>
<td>90</td>
<td>65</td>
<td>1348</td>
<td>175</td>
<td>133</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relative</td>
<td>44</td>
<td>102</td>
<td>144</td>
<td>98</td>
<td>78</td>
<td>100</td>
<td>20</td>
<td>121</td>
<td>183</td>
<td>28</td>
<td>150</td>
<td>55</td>
</tr>
<tr>
<td>Neighbor</td>
<td>34</td>
<td>151</td>
<td>92</td>
<td>14</td>
<td>70</td>
<td>81</td>
<td>20</td>
<td>109</td>
<td>33</td>
<td>28</td>
<td>153</td>
<td>172</td>
</tr>
<tr>
<td>Other individuals</td>
<td>25</td>
<td>104</td>
<td>72</td>
<td>14</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank</td>
<td>56</td>
<td>301</td>
<td>565</td>
<td>464</td>
<td>303</td>
<td>400</td>
<td>520</td>
<td>1286</td>
<td>50</td>
<td>177</td>
<td>109</td>
<td></td>
</tr>
<tr>
<td>Savings and credit group</td>
<td>37</td>
<td>63</td>
<td>108</td>
<td>32</td>
<td>85</td>
<td>95</td>
<td>80</td>
<td>158</td>
<td>81</td>
<td>10</td>
<td>71</td>
<td>59</td>
</tr>
<tr>
<td>Co-operatives</td>
<td>84</td>
<td>86</td>
<td>78</td>
<td>48</td>
<td>161</td>
<td>302</td>
<td>48</td>
<td>53</td>
<td>120</td>
<td>5</td>
<td>20</td>
<td>216</td>
</tr>
<tr>
<td>Other financial institution</td>
<td>13</td>
<td>69</td>
<td>59</td>
<td>115</td>
<td>58</td>
<td>58</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Sources of credit**

Cooperatives, savings and credit groups, and neighbors were the most common sources of credit. Average monthly interest rates for many sources, especially informal ones, increased slightly since IRM-2 suggesting a growing demand for credit.

The most common sources of credit in IRM-3 were cooperatives (23%), savings and credit groups (20%), and neighbors (19%) – Figure 4.1. The decline in the share of lending by friends and relatives observed in IRM-2 continued, with 13% of borrowers taking loans from their relatives in IRM-3. The share of borrowers

---

60 Blank cells mean no-one borrowed from this source.
who took loans from banks stayed the same as in IRM-2 (13%) while slightly more people were taking loans from moneylenders (12% compared to 10% in IRM-2).

Banks are reportedly often reluctant to provide loans when people approach them. Some pointed out that banks find it challenging to collect regular installments from clients in rural villages and do not trust them to pay regularly, hence they only provide loans to bigger entrepreneurs. Banks were perceived to be particularly inaccessible to displaced communities such as Dalit households who do not have any collateral.

**Figure 4.1: Sources of borrowing among those who borrowed (IRM-1, IRM-2, IRM-3, weighted)**

Average monthly interest rates have increased slightly since the earthquakes. Interest rates for banks remained relatively stable and low, but have slightly increased from 1.5% in IRM-1 to 1.52% in IRM-2 to 1.73% in IRM-3. Interest rates from informal sources like moneylenders, friends, relatives, neighbors, and other individuals also increased since IRM-1. This suggests a growing demand for credit from these sources over time. Mean interest rates for savings and credit and other financial institutions were relatively higher than other sources in IRM-1 but have declined gradually from 1.88% and 2.19% in IRM-1 to 1.63% and 1.64% in IRM-3.

**The average amounts borrowed from money lenders, banks, saving and credit groups, and other financial institutions significantly decreased, while there was an increase in the amount borrowed from friends, relatives, other individuals, and cooperatives.**

The average amount borrowed from each lender changed significantly between IRM-2 and IRM-3 (Table 4.4). The average sum borrowed from moneylenders and banks declined significantly between IRM-2 and IRM-3, although banks still lend the highest amount to each borrower on average. In contrast, sums borrowed from friends increased four-fold and the average amount borrowed from relatives doubled. Lowest average borrowing in IRM-3 was from savings and credit and other financial institutions. It is likely that higher interest rates charged by these financial institutions compared to banks in IRM-1 and IRM-2 may have attracted people to banks where they can get loans from them.
Some expressed a preference for informal sources of credit despite higher interest rates as these were seen to be more easily accessible.

The qualitative research revealed that in most VDCs, people found borrowing from family, friends, neighbors, and individual moneylenders more convenient, even though they charged higher interest rates than banks. Borrowing locally from informal sources is faster and easier than approaching banks, which are generally located further away and require formal documents and collateral. Further, villagers often lack knowledge on how to approach formal sources of credit and feared these lenders might take away their land if they failed to pay back their loan in time. “There are a couple of reasons why people resort to moneylenders for loans. The most important one is ease and convenience [...] moneylenders are readily available in local areas. Secondly, for those who do not have resources and property to keep as collateral, the banks do not provide loans.” Informal sources were also more flexible not having the strict payback deadlines of banks and formal financial institutions. “There is no risk of losing collateral if one is unable to pay back on time. Sometimes we can request the local moneylenders to postpone or waive some interest and there is no need for paperwork or collateral.”

Borrowing needs

Livelihoods, food, and rebuilding houses were the main reasons for borrowing. Shelter-related borrowing (temporary shelter, rebuilding houses, improving temporary shelters) was concentrated in the severely hit districts.

Borrowing occurred for various purposes, both related and unrelated to the earthquakes. Respondents generally borrowed for household expenses and income generation, particularly to open small businesses and for labor migration abroad – a trend continuing from before the earthquake. They also borrowed because of financial stress incurred by the earthquakes. Several took loans to reinvest in businesses destroyed by the earthquakes, others to buy livestock they had lost, or to build temporary shelters and reconstruct their houses. Some had to borrow for consumption as the earthquake initially affected their income sources.

As with IRM-2, livelihoods, food, and rebuilding houses were the main reasons for borrowing in IRM-3. Of those who borrowed, 55% in IRM-2 and 58% in IRM-3 said they borrowed to support their livelihoods, the most common reason for taking loans in districts in all earthquake impact categories (Figure 4.2). Rebuilding houses was the second most common reason for borrowing in IRM-2 but declined in IRM-3. Twenty-six percent of people who borrowed in IRM-3 said they had borrowed to buy food. Only 11% of those who borrowed mentioned financing temporary shelter as the reason why they took a loan in IRM-3.

Figure 4.2: Reasons for borrowing, share of those borrowing (IRM-2, IRM-3, weighted)
While many were borrowing to deal with earthquake impacts, the number of those with heavily damaged houses who borrowed decreased between IRM-2 and IRM-3. Aid received by these households may explain this decline.

Reconstruction was one of the main reasons why people borrowed and the extent of damage to people’s house from the earthquakes correlates with the likelihood of borrowing, suggesting people were borrowing to deal with the impacts of the quakes. In all three surveys, people were more likely to borrow if they experienced larger earthquake impacts (Figure 4.3). However, while the more affected were still more likely to borrow than others, there was a decrease in the proportion of those whose house was heavily damaged who borrowed after IRM-2. Aid received by these households may explain this decline. Results show that those who received aid between IRM-2 and IRM-3 were far less likely to have borrowed money in that period (15%) than those who did not receive aid (87%).

**Figure 4.3:** Share of people who have borrowed – by housing damage (IRM-1, IRM-2, IRM-3, weighted)

Borrowing is likely to increase over time. Many said they planned to borrow in the near future to cope with the impacts of the earthquakes.

Findings from both research components suggest that borrowing is likely to increase. Many said they would need to borrow to cover costs for reconstruction, especially if they did not receive the reconstruction cash grant and if the government did not provide interest-free loans for earthquake victims. Unsurprisingly, many of those who were likely to borrow repeatedly—people in severely hit districts, more remote and rural areas, with low incomes and of low castes—were also more likely to say they planned to borrow in the next three months. Thirty-five percent of people in IRM-3 mentioned that they planned to borrow in the next three months. People in the more affected severely hit districts (60%) were much more likely to say they planned to borrow.

People in more remote areas were more likely to say they planned to borrow in the next three months. Fifty-three percent of individuals in more remote regions planned to borrow compared to 40% in remote and 26% in less remote areas. Similarly, 42% in rural areas plan to borrow compared to only 22% in urban areas. Other socio-economic factors similarly correlated with borrowing intentions. Individuals who were less educated and those of lower caste or lower income were more likely to express a plan to borrow money in the next three months. People who were more educated expressed lower levels of borrowing intentions, while a higher share of the less educated wanted to borrow in the future. Similarly, 48% of those in the low income group intended to borrow while only 22% of those with a high pre-earthquake income intended to do so. A larger share of people with a disability (50%) mentioned a plan to borrow more money in the next three months, compared to only 35% people who have no disability.
Who was borrowing?

Borrowing was higher among already vulnerable groups. People in remote and rural areas, in severely hit districts, low caste individuals, those with lower income, and those in temporary shelters reported higher rates of borrowing. These groups were borrowing more frequently, at higher interest rates, and were more likely to say that they planned to borrow in the near future.

While borrowing is generally common, some groups had higher rates of borrowing. People in more remote areas were more likely to borrow. As Figure 4.4 shows, 42% of people in more remote areas borrowed in IRM-3 compared to 40% in remote areas and 21% in less remote areas. This pattern was also observed in IRM-2 but not in IRM-1. Remote regions in IRM-1 had the highest rate of borrowing (35%) compared to less remote (13%) and more remote areas (21%). However, in all three surveys, less remote regions had lower borrowing compared to remote and more remote regions. The pattern is also clear when looking at differences in borrowing between rural and urban areas across the three surveys (see Figure 4.4).

Figure 4.4: Share of people who have borrowed – by rural/urban and remoteness (IRM-1, IRM-2, IRM-3, weighted)

Figure 4.5: Share of people who have borrowed since the end of winter – by where people are living (IRM-3, weighted)
Poorer people, low caste individuals, and daily wage laborers also reported particularly high rates of borrowing in IRM-3. Those living in temporary shelters were also more likely to borrow than others. While 46% of low caste people borrowed between IRM-2 and IRM-3, 30% of Janajatis and 33% of high caste people reported the same. Those working as daily wage laborers (45%) and in agriculture (39%) were the most likely to have borrowed. Those who had no job are also more likely than most to borrow (41%). Those with a low income had the highest borrowing rate (40%) compared to those with medium (32%) and high (26%) income.

Current living conditions also had an impact on borrowing patterns. Those living in temporary shelters were more likely to borrow than others (Figure 4.5). While 28% of those living in their own houses say they have borrowed, more than 40% of those who are living in shelters on their own or on other people’s land mention having borrowed money.

Individuals in severely hit districts, remote and rural areas, and those with lower income, were also more likely to borrow repeatedly compared to those in other districts, urban and less remote regions and those with high incomes. When examining the household panel dataset, which includes people interviewed in the last two surveys (IRM-2 and IRM-3), there was significant variation in terms of how frequently people borrowed. Nearly 26% of people borrowed in both surveys, 34% borrowed in one of the two surveys, and 40% did not borrow in either. Okhaldhunga and Ramechhap were the two districts with the highest shares of people borrowing during both IRM-2 and IRM-3 (Table 4.6).

More people (31%) borrowed in both time periods in more remote areas compared to only 28% in remote and 16% in less remote districts. Similarly, 28% of people in rural areas borrowed in both time periods compared to only 7% respondents in urban areas. It is most likely that this high demand is the reason why people in more remote and rural areas report having to pay higher interest rates. However, this also suggests economic hardship faced by individuals living in remote and rural regions where demand for capital is induced by the natural disaster.

<table>
<thead>
<tr>
<th>Table 4.5: Share of people who borrowed money – by caste, occupation and income (IRM-3, weighted)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Caste</strong></td>
</tr>
<tr>
<td>High caste</td>
</tr>
<tr>
<td>Janajati</td>
</tr>
<tr>
<td>Low caste</td>
</tr>
<tr>
<td><strong>Occupation</strong></td>
</tr>
<tr>
<td>Agriculture</td>
</tr>
<tr>
<td>Industry/business</td>
</tr>
<tr>
<td>Service</td>
</tr>
<tr>
<td>Labor</td>
</tr>
<tr>
<td>Student</td>
</tr>
<tr>
<td>Housewife/house-maker</td>
</tr>
<tr>
<td>Retired</td>
</tr>
<tr>
<td>Unemployed</td>
</tr>
<tr>
<td><strong>Income</strong></td>
</tr>
<tr>
<td>Low</td>
</tr>
<tr>
<td>Medium</td>
</tr>
<tr>
<td>High</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 4.6: Share of people who borrowed in both IRM-2 and IRM-3 – by district impact, district, rural/urban and remoteness (IRM-2, IRM-3 household panel, unweighted)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>District</strong></td>
</tr>
<tr>
<td>Severely hit</td>
</tr>
<tr>
<td>Dhading</td>
</tr>
<tr>
<td>Gorkha</td>
</tr>
<tr>
<td>Nuwakot</td>
</tr>
<tr>
<td>Ramechhap</td>
</tr>
<tr>
<td>Sindhupalchowk</td>
</tr>
<tr>
<td>Crisis hit</td>
</tr>
<tr>
<td>Bhaktapur</td>
</tr>
<tr>
<td>Kathmandu</td>
</tr>
<tr>
<td>Okhaldhunga</td>
</tr>
<tr>
<td>Hit with heavy losses</td>
</tr>
<tr>
<td>Lamjung</td>
</tr>
<tr>
<td>Solukhumbu</td>
</tr>
<tr>
<td>Hit</td>
</tr>
<tr>
<td>Syangja</td>
</tr>
<tr>
<td>All districts</td>
</tr>
<tr>
<td>Less remote</td>
</tr>
<tr>
<td>Remote</td>
</tr>
<tr>
<td>More remote</td>
</tr>
<tr>
<td>Rural areas</td>
</tr>
<tr>
<td>Urban areas</td>
</tr>
</tbody>
</table>

Thirty percent of people in the lower income group reported borrowing in both surveys compared to 24% in the medium income group and 20% in the higher income group (Figure 4.6). In contrast, almost half of the population in the high income group (47%) reported not borrowing in both rounds, compared to 35% in the low income group. In short, individuals in remote and rural areas, and those with lower income, were more likely to borrow repeatedly compared to those in urban and less remote regions and those with high incomes.
People in severely hit and hit districts, rural, and more remote areas were more likely to pay higher interest rates.

Interest rates charged were generally higher in rural areas than in urban areas (Table 4.7). They were much higher in more remote areas. Thirty-six percent of borrowers from those places mentioned that average interest rates are above 2%, compared to only 14% in remote and 7% in less remote areas. In contrast, 22% in less remote areas said that interest rates are less than 1%, compared to only 12% in remote and 13% in more remote areas. This distribution of interest rates suggests that there is a higher need for capital in rural and remote areas, where the market is relatively less competitive compared to urban and less remote areas.

Some of the same groups that reported higher rates of borrowing were also more likely to face unsuccessful borrowing. People in severely hit districts, those living in temporary shelters on public land, and those of low income and low caste groups were more likely to be refused loans. Land, the most common collateral, was used more frequently among high income groups who tend to borrow larger amounts of money.

Loan refusals have continued to remain low, only 3% in IRM-3. People in severely hit districts were more likely to have been unsuccessful than others: 4% were refused loans, compared to only 2% from crisis hit and hit with heavy losses districts and 1% from the hit district. A higher share of people who do not live in their own houses were unsuccessful borrowers (Figure 4.7). Those living in shelters on public land were particularly likely to have been unsuccessful in their borrowing attempts.

<table>
<thead>
<tr>
<th>District Impact</th>
<th>Less than 1%</th>
<th>Between 1%-1.5%</th>
<th>Between 1.5%-2%</th>
<th>Above 2%</th>
<th>Refuse</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severe hit</td>
<td>13%</td>
<td>16%</td>
<td>46%</td>
<td>23%</td>
<td>2%</td>
</tr>
<tr>
<td>Dhading</td>
<td>12%</td>
<td>19%</td>
<td>58%</td>
<td>11%</td>
<td>0%</td>
</tr>
<tr>
<td>Gorkha</td>
<td>19%</td>
<td>13%</td>
<td>46%</td>
<td>20%</td>
<td>1%</td>
</tr>
<tr>
<td>Nuwakot</td>
<td>9%</td>
<td>13%</td>
<td>57%</td>
<td>21%</td>
<td>0%</td>
</tr>
<tr>
<td>Ramechhap</td>
<td>5%</td>
<td>18%</td>
<td>44%</td>
<td>33%</td>
<td>1%</td>
</tr>
<tr>
<td>Sindhpulchowk</td>
<td>19%</td>
<td>16%</td>
<td>26%</td>
<td>30%</td>
<td>8%</td>
</tr>
<tr>
<td>Crisis hit</td>
<td>20%</td>
<td>22%</td>
<td>31%</td>
<td>6%</td>
<td>21%</td>
</tr>
<tr>
<td>Bhaktapur</td>
<td>58%</td>
<td>30%</td>
<td>8%</td>
<td>0%</td>
<td>4%</td>
</tr>
<tr>
<td>Kathmandu</td>
<td>19%</td>
<td>24%</td>
<td>26%</td>
<td>4%</td>
<td>27%</td>
</tr>
<tr>
<td>Okhaldhunga</td>
<td>7%</td>
<td>8%</td>
<td>63%</td>
<td>22%</td>
<td>0%</td>
</tr>
<tr>
<td>Hit with heavy losses</td>
<td>15%</td>
<td>16%</td>
<td>28%</td>
<td>41%</td>
<td>0%</td>
</tr>
<tr>
<td>Lamjung</td>
<td>13%</td>
<td>22%</td>
<td>27%</td>
<td>38%</td>
<td>0%</td>
</tr>
<tr>
<td>Solukhumbu</td>
<td>17%</td>
<td>7%</td>
<td>30%</td>
<td>46%</td>
<td>0%</td>
</tr>
<tr>
<td>Hit</td>
<td>5%</td>
<td>15%</td>
<td>76%</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>Syangja</td>
<td>5%</td>
<td>15%</td>
<td>76%</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>All districts</td>
<td>15%</td>
<td>19%</td>
<td>42%</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>Rural areas</td>
<td>16%</td>
<td>17%</td>
<td>43%</td>
<td>17%</td>
<td>6%</td>
</tr>
<tr>
<td>Urban areas</td>
<td>13%</td>
<td>23%</td>
<td>37%</td>
<td>6%</td>
<td>22%</td>
</tr>
<tr>
<td>Less remote</td>
<td>22%</td>
<td>21%</td>
<td>38%</td>
<td>7%</td>
<td>12%</td>
</tr>
<tr>
<td>Remote</td>
<td>12%</td>
<td>20%</td>
<td>43%</td>
<td>14%</td>
<td>10%</td>
</tr>
<tr>
<td>More remote</td>
<td>13%</td>
<td>8%</td>
<td>41%</td>
<td>36%</td>
<td>1%</td>
</tr>
</tbody>
</table>
Lower income and low caste people were also more likely to have been unsuccessful in borrowing. Five percent of those with low incomes were unsuccessful borrowers compared to only 2% of the medium income group and 1% of those in the high income group. Similarly, low caste people were twice as likely to be unsuccessful borrowers as those from high caste groups (2%) and 1% more than the Janajatis.

The two most stated reasons why individuals failed to get credit were creditors refusing to grant credit and the terms of credit being too hard to meet. Since relatively larger shares of low income and low caste people were unsuccessful borrowers, Table 4.8 presents the reasons disaggregated by income level and caste. Forty-eight percent of low income people who were unsuccessful in their borrowing attempts mention that the creditor refused without specific reasons and 39% said that the terms of credit were too hard to meet. In contrast, only 10% of unsuccessful high income borrowers faced refusal from creditors while 20% felt that the terms of credit were hard to meet. Janajatis were more likely than others to mention the two primary reasons for their failure to secure loans.

The majority of those who borrowed (89%) did not provide any collateral. But most of those who borrowed (59%) were taking on loans of less than NPR 100,000. People borrowing larger amounts were more likely to need collateral to secure loans. Most people borrowing from banks in IRM-3 provided some form of collateral for their loans. In contrast, more than 90% of individuals who borrowed from relatives, neighbors, or other individuals have not provided collateral. Amongst those who did provide collateral, land was the most frequent form provided (8%). One percent said they used their house as collateral and the same proportion of people say they used jewelry or household items. The use of land as collateral was more frequent among borrowers with a high income (12%) compared to those in the low income group (6%). High caste people were also more likely to use land as collateral (11%), compared to Janajatis (7%) and low caste people (5%).

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61 This was a multiple choice question. As such, percentages for stated reasons sum to more than 100%.
Dalits faced particular difficulties accessing credit especially from formal sources.

Dalits were found to be struggling more and recovering more slowly than others; many had barely enough money and food for daily needs. Despite being most in need of credit, this group was the least likely to be able to access loans from formal sources. Dalits are often illiterate, lack collateral, and do not have access to social networks and information required to approach financial institutions for loans. Those who managed to take loans mostly borrowed from local moneylenders charging particularly high interest rates. However, many had insufficient income to pay interest and pay back their loans. As such, Dalits are particularly vulnerable to debt traps.

Rising debts were a worry for many households and the risks of debt traps were increasing.

As more were borrowing larger amounts and from informal sources, often at high interest rates, debt burdens were increasing for many earthquake-affected households. According to findings from the qualitative research many were unsure how they would be able to pay back their loans. Households were found to be struggling to repay loans. For example, an old man in Syangja said, “We built this house after our house completely fell down because of the earthquake. We are still in debt. I don’t know when we will be able to repay it.” Another man in the same district added, “Now the house stands incomplete, I do not have any source of income and on top of that we have to pay interest to the bank. I am now worried about paying back the loan.” The large amounts that people had to borrow for reconstruction meant that loans could not be paid off merely by increasing incomes from farming, labor, or small business as people commonly did before the earthquakes.

Most households said relied on government assistance in the form of cash grants and soft loans or remittances to pay back loans. Across districts, households often mentioned the need for remittances to pay off larger debts incurred by reconstruction-related costs (Case Study 4.1). “Without loans, houses cannot be built and they cannot be paid back without going abroad,” explained a man in Syaule VDC in Sindhupalchowk.

Case Study 4.1: A migrant laborer borrowing to rebuild

Yagya Bahadur Ale Magar from Prapcha in Okhaldhunga has been working in Saudi Arabia for five years. His two brothers also work there. They were unable to return home after the earthquakes destroyed his family’s home as the company did not grant them leave. When Yagya Bahadur’s mother, wife, children, and sister-in-law were forced to stay in a temporary shelter, he wanted to send them more money to improve their shelter and eventually rebuild. Normally, he would send around NPR 20,000-30,000 every other month. However, this was not enough to make ends meet after the earthquakes and he and his brothers borrowed money from other Nepali migrant laborers in Saudi Arabia and sent around NPR 100,000 to their family. He said, “[migrant workers from the same village] also tried to collect money but could not get enough, that’s why I sent as much as I could.” He explained that, “The Saudi government allowed earthquake victims to send free money transfers, that’s why it was easy to send money.”

Over one year after the earthquakes, Yagya Bahadur could finally take five months of leave and return home to begin reconstruction. He said that rebuilding a small family house with stone and mud mortars cost him around NPR 200,000. He and his mother said they had lost hope that the government would assist them and started rebuilding on their own. Their house was categorized as partially damaged despite being more damaged than some of their neighbors’ houses which were categorized as fully damaged in the CBS damage assessment. Yagya Bahadur’s mother had filed a complaint but feared the complaint would simply be treated as a formality and would not be addressed. She thought that the assessment team had not examined the houses properly: “My house is listed in the partially damaged category, but look, we are living in this shed!”

Soon, Yagya Bahadur would have to return once more to Saudi Arabia to continue sending money to his family in Prapcha and to pay back the loans he took to pay for reconstruction.
4.2 Sale of assets

Sales of assets was not common but those who borrowed more frequently were also more likely to have sold assets. Livestock remained the most common asset sold, followed by land and household goods.

Sales of assets remained low at 3% compared to 4% in IRM-2. As before, people in severely hit districts were more likely to sell assets than people in other less affected districts. Among those who sold assets in IRM-3, the majority of asset sales continued to be of livestock (58%). Livestock sales were highest in the severely hit districts with 87% of those who sold assets in these districts saying they sold livestock. Land and household goods were also commonly sold. In urban areas, people were more likely to sell land (75% of those who sold assets), while in rural areas sale of livestock was more frequent (84%). Household goods were more frequently sold in urban areas (16%) and less remote regions (29%), compared to rural areas (8%) or remote (4%) and more remote regions (5%).

People who borrowed more frequently were more likely to have sold assets. According to results from the IRM-2 and IRM-3 household panel dataset, people who borrowed in both IRM-2 and IRM-3 were 7 percentage points more likely to sell assets to cope with the earthquakes' impacts.
The share of households identifying remittances as a main income source grew over the three research rounds but the number of those reporting to have received them has declined.

Respondents in affected areas increasingly considered remittances as a main source of income – Figure 4.8. Across all districts, 14% of people identified remittances as a main income source in IRM-3 compared to 9% in IRM-1. The share of households reporting remittances as a main income source has increased across each impact category since IRM-1. However, the proportion of people receiving remittances has declined slightly since IRM-2. Compared to 21% in IRM-2, only 19% said they received remittances in IRM-3. There have been large increases in the proportion of people receiving remittances in Nuwakot, Lamjung, and Okhaldhunga. Elsewhere, the proportion receiving remittances has either declined or stayed the same.

The likelihood of receiving remittances did not seem to be associated with level of housing damage.

Where people were living in IRM-3 did not seem to be associated with the likelihood of receiving remittances. People living in their own houses, and those who were living in shelters, were equally likely to receive remittances. Similarly, there was not a strong relationship between whether people were receiving remittances and whether their income improved in the three months prior to IRM-3 (September 2016).

However, remittances were more likely to reach people in rural and remote areas. However, there was a slight decline in the proportion of people receiving remittances in more remote regions in IRM-3. The main beneficiaries of remittances were those with a high pre-earthquake income. Twenty-four percent of the high income group acknowledged receiving remittances compared to 17% of those with medium income and 17% in the low income group. Only 3% of remittance flows had domestic origins.

The volume of remittances received remained largely the same.

The vast majority of those who received remittances before the earthquakes said the volume has stayed at similar levels since the earthquakes (87%). A slightly
larger share of people in more remote regions said that they had received more remittances since the earthquakes. People in less remote and urban areas were more likely to mention that they received less since the earthquake.

Declines in remittance flows before and after the earthquake were more likely to affect the poor and the disabled (Table 4.9). Eleven percent of low income individuals reported decreases while only 3% of high income people who received remittances said the same. Fifteen percent of people with a disability who received remittances reported receiving less since the earthquake compared to 7% people with no disability.

People living in temporary shelters or in neighbors’ houses were more likely to report a reduction in remittances than those in their own house, although those in neighbors’ houses were also more likely to say remittances have increased.

| Table 4.9: Changes in remittances since the earthquakes – by income and disability (IRM-3, weighted) |
|----------------------------------------------------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Low income                                      | Receive less since the earthquake | Receive similar level since the earthquake | Receive more since the earthquake | Refused/Don’t know |
|                                                | 11%                              | 84%                             | 4%                               | 1%                          |
| Medium income                                   | 10%                              | 84%                             | 3%                               | 3%                          |
| High income                                     | 3%                               | 89%                             | 3%                               | 4%                          |
| No disability                                   | 7%                               | 87%                             | 3%                               | 3%                          |
| Disability                                      | 15%                              | 83%                             | 2%                               | 0%                          |

Migration rates remained low but people in severely hit districts were slightly more likely to have migrated since the earthquakes. The most common reason for migration were lack of shelter, lack of livelihoods, and landslides.

Levels of migration since the earthquakes remained low in IRM-3 at 3%. Since the earthquakes, people in severely hit districts were slightly more likely to have migrated. Eighty-five percent of these migration cases took place before the 2015 monsoon, with 15% occurring either during or after the monsoon. Nearly 86% of those who migrated later returned home.

The reasons stated for migrating in IRM-3 were different than those given in the IRM-2 survey. While the most commonly cited reason for migration in IRM-2 was a lack of shelter (66%), people in IRM-3 were more likely to report livelihoods problems as the main reason (48%) – Figure 4.9. While most people’s livelihoods were recovering (see Chapter 2), some have not seen any improvements. For others, recovery had started but was not well advanced leading people to move to seek better opportunities. Almost one-quarter of those migrating in IRM-3 reported landslides as a reason.

Figure 4.9: Reasons for migration (IRM-2, IRM-3, weighted)
Many households said they were planning to send at least one family member abroad for work if they faced difficulties paying for the reconstruction of their houses and to pay back loans.

During the field research, many households pointed out that they will likely have to resort to having family members migrate for work to be able to repay loans including the high amounts borrowed for housing reconstruction (Case Study 4.2).

Case Study 4.2: Young entrepreneurs find new opportunities at home

Two young entrepreneurs from Ramechhap, childhood friends Kul Bahadur Shrestha, 21 years old, and Tika Lal Shrestha, 22 years old, were able to start new businesses in Ramechhap municipality after the earthquakes. Kul Bahadur used to work in Kathmandu but returned home after the earthquakes. “I worked as a cook in Boudha. My roommate died in the earthquake and I was too scared to stay in Kathmandu so I left the job and came back to the village,” he explained. The two friends decided to invest in poultry farming and later in a restaurant, which they are operating in the market area of Ramechhap municipality. Each of them had to spend NPR 200,000 on the restaurant. But they are satisfied as they earn NPR 50,000 per month from the restaurant, excluding the NPR 3,000 rent. “The earthquake has affected a lot of people but it has provided me a new chance to explore my life. Now my life has been changed. If there had been no earthquake, I would still be working in Kathmandu,” said Kul Bahadur and added, “I am very happy with this business.”

Unlike many other young men from Ramechhap, Kul Bahadur and Tika Lal have no plans to go abroad for work. “Now I don’t think of going abroad, it is much better here,” said Tika Lal.
With the decline in emergency relief and the increasing focus on reconstruction, the formal influence of political parties over the coordination of assistance reduced.

In the early months after the earthquakes, political parties played key roles in relief distribution through the District Disaster Relief Committees (DDRCs) and Relief Distribution Committees. But these bodies became less influential as aid declined and the formal influence of political parties over the coordination of assistance also reduced significantly. The NRA’s technical and bureaucratic approach to reconstruction did not allow for a formal role for political parties in the CBS damage assessment, cash grant agreement and distribution processes, and various mechanisms established to collect complaints about the assessment and beneficiary lists. This was found to have significantly reduced overall political party engagement in earthquake-related activities compared to IRM-1 and IRM-2.

The formation of District Coordination Committees (DCCs) to coordinate and monitor reconstruction in earthquake-affected districts, under the leadership of a Member of Parliament from the same district, did not lead to the more direct involvement of political party leaders and members in the reconstruction process. The DCCs were found to be either dysfunctional or ceremonial in the districts visited, with most of the DCCs’ work being done by subcommittees led by district government officials such as the Chief District Officer or Local Development Officer. District-level leaders across districts visited reported that they were not invited to DCC meetings or the meetings of subcommittees—in contrast to DDRC meetings in which they are included regularly—nor to meetings of the sub-regional NRA offices. DCCs in general had little influence over reconstruction and the coordination of aid and the cash grant process at the district level. MPs, who are generally based in Kathmandu, have not been able to regularly attend DCC meetings nor have they remained informed on the specific needs and challenges of reconstruction in their districts.

Local political leaders’ dissatisfaction rose as they were increasingly sidelined from the reconstruction process at the local level, reducing their capacity to assist earthquake victims.

Many local party representatives who were eager to help locals in their recovery were frustrated by nation-
al-level political disagreements and changes in reconstruction policies, which delayed reconstruction and caused uncertainty at the local level. This frustration was reinforced as their exclusion from district-level decision-making left them with little information on the government’s reconstruction efforts and reduced their ability to adequately provide information to their communities and address the concerns of earthquake victims. Local political parties considered the newly formed local NRA offices and DCCs less suited to understanding local contexts and political dynamics than the DDRCs. They also felt that these new bodies could not adequately represent the concerns of community members as they were led by ‘outsiders’ such as government officials temporarily stationed in the districts or by MPs based in Kathmandu.

Political activities returned to pre-earthquake normalcy. Political parties’ role in local governance remained the same.

At the VDC level, dynamics between political parties and government officials have remained largely unchanged since the earthquakes with officials continuing to consult political party representatives for decisions on local governance. There was no evidence to suggest a significant change in political dynamics at the local level even after political infighting and the change of government at the center in mid-2016. Leaders from different parties both cooperated and policed each other through their involvement in informal All Party Mechanisms. In all districts, parties were engaged in debates and discussions on the formation of local bodies in their respective areas.64

Political parties returned to their usual activities before the earthquakes, a trend that has continued from IRM-2. Political parties were conducting few programs specifically related to the earthquakes at the local level, nor did they make comprehensive efforts to form platforms to address issues related to recovery and reconstruction. Individually, some political party leaders were involved in the reconstruction process but no evidence suggests that they were motivated by political objectives. Political party interference in post-earthquake aid was found to have decreased since the end of the relief phase when direct aid distribution declined significantly.

At the VDC level, dynamics between political parties and government officials have remained largely unchanged since the earthquakes with officials continuing to consult political party representatives for decisions on local governance. There was no evidence to suggest a significant change in political dynamics at the local level even after political infighting and the change of government at the center in mid-2016. Leaders from different parties both cooperated and policed each other through their involvement in informal All Party Mechanisms. In all districts, parties were engaged in debates and discussions on the formation of local bodies in their respective areas.64

Political party representatives were involved in the cash grant agreement process. Initially, they supported local obstructions of the cash grant agreement process. However, they also facilitated agreements between protesters and government offices to resume the process. In many areas, political parties then

Photo: Nayan Pokharel

68
informally assisted the cash grant agreement process by helping individual earthquake victims and facilitating communication between government offices and local communities.

Obstructions and protests due to dissatisfaction with the new CBS beneficiary lists often took the form of community members and local political party representatives and, in some cases, VDC officials visiting district government offices coming together to demand assurances that grievances would be addressed before the grant agreement and disbursement moved ahead. After assisting people to protest against the CBS assessment and obstruct the cash grant agreement process, political parties then actively negotiated agreements with district officials on behalf of those who protested against their exclusion from the new beneficiary lists, and helped ensure that the cash grant agreement process could resume.

After political parties informed communities that their concerns would be addressed and the beneficiary lists would be adjusted based on grievance forms submitted to government offices, protests were called off and the cash grant process was allowed to move ahead. Political party representatives, especially at the VDC level, then played important roles in facilitating the cash grant process. In 10 out of the 12 VDCs visited during the qualitative research where the cash grant agreement process was underway, political parties provided assistance. They informally helped VDC officials plan and coordinate the process, informed people about the timing, procedures, and requirements for signing cash grant agreements, and provided logistical support such as helping victims fill in various forms, submit grievance forms, and keeping the required documents in order. Political parties’ informal facilitation was generally received positively by the people and local government officials. Political parties were often actively engaged in communication between government offices and people in the villages on the policies, rules, and procedures of the grant agreement process and the disbursement of the grant as well as building requirements. Political parties communicated decisions of the VDC, such as the date and place for the signing of reconstruction cash grant agreements, what documents were required to conclude the agreement process, and other relevant information.

Despite these findings from the qualitative field research, data from the survey reveal that political parties rank low among local sources providing information on aid. Only 7% said they received information from them compared to WCFs (18%), VDC secretaries (24%), and neighbors (82%). Furthermore, despite more than half of people thinking their communication with local political parties was good, their satisfaction with the communication was not as high as with security officers, local administrative centers, and local community organizations.

5.2 Satisfaction with political parties and future vote preferences

Dissatisfaction with political parties was high. Communities generally said this was because of their lack of involvement in reconstruction rather than interference.

Like other aid providers, satisfaction with local political parties has dropped – falling from 26% in IRM-2 to 21% in IRM-3. However, those who blamed political parties for the unsatisfactory state of reconstruction referred to their lack of engagement rather than political interference or bias as reasons. The informal assistance provided during the cash grant agreement process was welcomed by many but was not seen as sufficient. People commonly blamed political parties for the outcomes of damage assessments, procedural hurdles to the conclusion of cash grant agreements, what they perceived as inadequate assistance, and even the unsatisfactory state of reconstruction. They expected political parties to be more engaged in the recovery and reconstruction process. As political parties failed to meet these expectations, dissatisfaction increased.

64 The 2015 Constitution of Nepal created three tiers of government: local government, state government, and federal government. In March 2016, the Government of Nepal constituted the Commission for Restructuring of Village, Municipalities, and Special, Protected and Autonomous Area, commonly known as the Local Body Restructuring Commission (LBRC). The LBRC is currently in the process of determining the number and the boundaries of local bodies in each district. In this process, the LBRC initiated nationwide stakeholders’ consultations beginning in late July 2016.
High dissatisfaction with political parties did not lead to changes in which political party people were supporting.

Communities mostly expressed dissatisfaction with political parties in general rather than any one party in particular. Dissatisfaction with political parties is generally common in Nepal and people rarely held specific local leaders accountable for the slow progress of reconstruction.65

High levels of dissatisfaction do not seem to have led to changes in which party people support. There was no indication in any of the wards visited in the qualitative fieldwork that people were changing or thinking of changing who they would support. This finding corresponds with data from the survey on future voting intention. There were no large changes in who people said they will vote for in the next election. The vast majority said they do not know (Figure 5.1).

While the majority of people who voted for any party in the last elections were undecided as to who to vote for next time around, those who choose a party preferred the same party they voted for in the last elections (Table 5.1). Just 1% of those who voted for the Nepali Congress said they would vote for another party. The figures were 3% for UCPN (Maoist-Centre), 1% for RPP, and 0% for CPN-UML and RPP-N.

**Figure 5.1:** Voting preference for next election (IRM-1, IRM-2, IRM-3, weighted)

**Table 5.1:** Future voting preferences - by past voting behavior (IRM-3, weighted)

<table>
<thead>
<tr>
<th>Which political party did you vote for in the last elections?</th>
<th>Nepali Congress</th>
<th>CPN-UML</th>
<th>UCPN (Maoist-Centre)</th>
<th>RPP-N</th>
<th>RPP</th>
<th>NMKP</th>
<th>I will not vote</th>
<th>Refused</th>
<th>Don't know</th>
</tr>
</thead>
<tbody>
<tr>
<td>I did not vote</td>
<td>1%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>NMKP</td>
<td>2%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>32%</td>
<td>4%</td>
<td>13%</td>
</tr>
<tr>
<td>Refused</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>1%</td>
<td>57%</td>
<td>42%</td>
</tr>
<tr>
<td>Don't know</td>
<td>2%</td>
<td>2%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>98%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10%</strong></td>
<td><strong>7%</strong></td>
<td><strong>2%</strong></td>
<td><strong>0%</strong></td>
<td><strong>0%</strong></td>
<td><strong>6%</strong></td>
<td><strong>10%</strong></td>
<td><strong>65%</strong></td>
<td><strong>3%</strong></td>
</tr>
</tbody>
</table>

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This may be at least in part due to the fact that no new leadership has emerged that is challenging existing political parties and no single political party has been able to distinguish itself in the post-earthquake relief and reconstruction processes. With political parties enjoying de facto leadership status at the local level, and in the absence of alternatives, people have no option but to continue working with the traditional political parties in their communities.

Nearly half of community members interviewed during the qualitative research felt that local elections would improve the recovery and reconstruction process. This reiterates the significance community members attach to the role of political parties in their VDCs and wards and the importance people attach to holding local leaders accountable. Only a quarter of community members thought that local elections would be unlikely to affect reconstruction.66

66 In addition to key informant interviews, focus group discussions, and informal conversations and observation, a minimum of 10 citizens were formally interviewed in each ward visited during the qualitative research to directly collect the perspectives of community members on the themes of the research. Citizen interviews were done on the basis of a questionnaire with 20 questions covering the five themes of IRM research.
Most people felt safe. There was no change in the proportion of people feeling safe between the last two rounds.

Feelings of safety and security remained largely unchanged in the last two rounds of the survey, but have improved significantly from those observed in IRM-1. Three percent of people in both IRM-2 and IRM-3 reported feeling unsafe compared to 16% in IRM-1. The proportion of people saying they feel very safe increased between IRM-2 and IRM-3: from 54% to 67% (Figure 5.2).

Figure 5.2: Perceptions of safety in the community – by district impact (IRM-1, IRM-2, IRM-3, weighted)

There were declines in the proportion of people feeling very safe in some districts. Amongst the severely hit districts, Gorkha is the only district where the share feeling very safe in their community declined since the early weeks after the earthquake (74% IRM-1, 53% IRM-2, 60% IRM-3). Of the crisis hit districts, people in Okhaldhunga were far less likely to feel very safe now than in earlier surveys. Both of the hit with heavy losses districts, Lamjung and Solukhumbu, saw a decline in the share of people feeling very safe.

Remoteness, income, religion, and shelter types affected perceptions of safety.

People in more remote regions in IRM-3 were more likely to feel unsafe (7%) than those in remote (3%) or less remote (2%) regions. Those in the low income band (61%) were less likely to feel very safe than those in the middle and high income bands (70% each). Among religious groups, Christians (75%) were the most likely and Buddhists (60%) the least likely (Hindus 69%, Muslims 66%) to feel very safe in their community. While most people said they feel safe, those in self-constructed shelters on others’ land were more likely to feel unsafe (Figure 5.3). This is a continuation of the situation in IRM-2.67 There was a small increase in the proportion of people feeling unsafe who are in shelters on their own land.

**Figure 5.3:** Perceptions of safety in the community – by where people are living (IRM-2, IRM-3, weighted)

*Less than 1% of the sample in this category

**Table 5.2:** Proportion of people reporting violence in their community - by district impact, district and remoteness (IRM-1, IRM-2, IRM-3, weighted)
As in earlier surveys, there were no notable differences between feelings of safety among men and women, those with a disability and those without, and among different caste groups.

During the qualitative research, some people reported feeling unsafe due to their housing condition. Many of those interviewed for the qualitative research said they felt unsafe because they still lived in damaged houses with only minor repairs, because of the trauma of living through the earthquakes, and because they feared landslides. In Sindhupalchowk, in particular, some women felt unsafe as they feared gender-based violence, especially if they lived in temporary shelters. Reported cases of violence were often linked to alcohol abuse. It was difficult, however, to determine whether alcohol consumption and gender-based violence have increased since the earthquakes and how they are changing over time.

As in past surveys, very few people reported any violent incidents in their community.

Only 0.7% said there was a violent incident in their community between IRM-2 and IRM-3 (0.6% in IRM-2 and 4.8% in IRM-1). There was a notable, albeit still small, increase in violence in Nuwakot and Sindhupalchowk districts, both of which are severely hit districts. However, violence in less remote areas significantly declined in IRM-3 (by 5 percentage points compared to IRM-1), while it increased slightly in remote and more remote areas (by about 1 percentage point compared to IRM-1) – Table 5.2.

Crime rates were more likely to have fallen than risen after IRM-2. Less than 1% people felt that crime rose between IRM-2 and IRM-3. Most (75%) said that crime remained at the same level, while 21% said it had fallen.

5.4 Trust and social cohesion

Social cohesion has generally been strong since the earthquakes and social relations remained largely unchanged between IRM-2 and IRM-3.

As was the case in the first year after the earthquakes, social cohesion remained strong in most wards visited for the qualitative research. Local communities worked together to construct temporary shelters in the immediate aftermath of the earthquakes and continued to use shared labor practices to rebuild houses or local infrastructure 18 months on. In IRM-3, there were so no significant problems with social relations in 31 out of the 36 wards studied. No new tensions emerged in the 27 wards where social cohesion was reported to have remained intact or had strengthened in IRM-2. Among the nine wards where some tensions or conflicts were reported in IRM-2, the situation had not improved in five wards while in four wards local tensions disappeared. A slight improvement in social relations was therefore observed in IRM-3 compared to IRM-2. Where social cohesion was poor, this was attributed to tensions between local and resettled communities and caste-based discrimination and related conflicts.

Conflicts and tensions continued where local disagreements over displacement and resettlement had not been addressed. Water shortages seemed to aggravate the situation.

Previous rounds of the qualitative research reported cases of conflict or tensions around displacement and resettlement in three locations: Prapcha VDC in Okhaldhunga, Syaule VDC in Sindhupalchowk, and Barpak VDC in Gorkha. These conflicts persisted as there was no progress in finding long-term resettlement solutions for the displaced.

Discrimination against Dalits was common and a major factor leading to the emergence or continuation of social tensions. Water scarcity and related conflicts seemed to aggravate caste-based discrimination by increasing tensions over access to water. Displaced Dalits in Prapcha VDC in Okhaldhunga faced routine acts of social discrimination and sometimes physical acts of violence. In Prapcha, where drinking water was scarce, caste-based discrimination led to a fight that eventually had to be settled by the police. In Lisankhu VDC in Sindhupalchowk, drinking water scarcity due to the drying of water sources after the earthquakes led to frequent verbal fights between women collecting water (reported in IRM-2). By IRM-3, drinking water facilities had been repaired and the number of community water pipes had increased from 9 to 23, solving some of the previous tensions. However, Dalits complained that they did not have enough drinking water in their settlement and that they were not allowed to collect water from the pipes in the other groups’ settlement.

As the volume and coverage of aid declined, complaints about and tensions related to uneven access to aid and perceived discrimination in aid distribution also decreased.
Although findings from the survey demonstrate a reduction in the number of people believing that aid providers have distributed assistance fairly, the field study found fewer complaints about other groups unfairly receiving more aid and people were more likely to say that they believed disadvantaged groups should be given targeted aid. Cases of social tensions around relief distribution that were reported in IRM-2 had also disappeared by IRM-3, likely because the volumes of aid had declined significantly.68

**Strong social networks and social cohesion facilitate recovery.**

Extended social networks beyond the immediate community or locality facilitated recovery after the earthquakes. Practices of labor sharing were observed in several wards since IRM-1. In IRM-3, labor sharing to repair damaged homes or rebuild was observed in three of the 36 wards visited for the qualitative research and in several other locations, communities raised money at their own initiative to repair local infrastructure. Some also worked together to recover common sources of livelihoods.

Access to credit, government offices, and aid was often shaped by connections to wider social networks beyond the immediate community. Some groups lack access to such networks which has implications for their recovery. Dalits were facing greater difficulties accessing loans especially from formal sources but also from moneylenders who tend to be high caste and to discriminate against Dalits. While there were examples of targeted aid, Dalits, other marginalized groups, and those in very remote areas were generally finding it harder to access information and resources from formal sources of lending as well as government offices and other distributors of aid. This has implications for the vulnerability and long-term recovery of these groups.

68 IRM-2 reported that while social cohesion overall remained good, ward residents often complained about unequal aid distribution. Remarks included perceptions that those closer to the locations where relief materials were dropped got more aid or that there was some political appropriation or interventions diverting aid to particular groups. The most common complaints were about other ethnic and caste groups receiving more aid. However, frustrations were more likely to be directed at decision-makers and government offices than at other groups. Only in a few cases did they turn into tensions within the wards. See, The Asia Foundation and Democracy Resource Center Nepal (2016). *Aid and Recovery in Post-Earthquake Nepal: Independent Impacts and Recovery Monitoring Nepal Phase 2 – Qualitative Field Monitoring (February-March 2016).* Kathmandu and Bangkok: The Asia Foundation, p. 48.
Conflicts related to resettlement, water sources, and caste-based discrimination may escalate if these issues remain unresolved.

With many displaced people still living in temporary shelters, and some clashes with local communities observed since IRM-1, tensions between local and displaced communities continue to be a source of potential conflict, especially in the absence of clear long-term resettlement plans. Displaced Dalits have been the most likely to face discrimination and conflicts with local residents and this may be a cause for escalating caste-based tensions. Delays in relocation and geological assessments of the land of the displaced increase the chance of such conflicts. Discontent and conflicts often centered on the use of resources such as water, land, and community forests. Research for IRM-3 was conducted at the end of the monsoon season when water was plentiful. However, during the dry winter season, water scarcity may intensify conflicts within and between communities.

Frustration of earthquake victims over the slow pace of reconstruction and policy changes may rise if assistance is delayed further. Such dissatisfaction with the government and non-governmental organizations may lead to new conflicts or protests and violence.

Discontent over the slow pace of recovery and rebuilding was high in most areas visited. While the cash grant agreement process was being conducted and some were beginning to receive the first instalment of the cash grant at the time of the IRM-3 research, many remained unsure whether and when they would receive further assistance, especially in districts where the cash grant agreement process had not yet begun in September 2016. Many were also dissatisfied with the assessments and process of identifying beneficiaries and the number of official complaints was high in most districts. Possible logistical delays in addressing these complaints and informing victims of further steps in the cash grant scheme may lead to tensions and protests in the districts.

While those excluded from beneficiary lists remain uncertain about the government’s response to their complaints, those who have already repaired or rebuilt their houses were also unsure whether the houses they have rebuilt would qualify retrospectively for the reconstruction cash grant or future instalments of the grant. As a political leader from Gorkha explained, “In one VDC about 70 percent of people have rebuilt their houses but they may not have necessarily used earthquake-resistant techniques. The NRA provisions state that rebuilt houses that are certified by engineers as having followed the right techniques will also qualify for the cash grant. But if the engineers do not certify these houses, the people may beat and chase them out of their villages.” The uncertainty and delay in developing timely policy responses to such concerns and communicating these clearly to the local level point to the possibility of such issues giving rise to conflict in the future.
Chapter 6.
Conclusions and Recommendations

6.1 Overview of conclusions

How have conditions evolved in the earthquake-affected areas of Nepal? What are the key challenges that need to be overcome if recovery is to take root? And how can aid best support this? The Independent Impacts and Recovery (IRM) project contributes information and analysis to help answer these questions through longitudinal, mixed methods research.

This report outlines findings from the third round of IRM research, conducted in September 2016. Combining findings from the survey and qualitative research, it provides a snapshot of conditions almost eighteen months on from the disasters. It makes comparisons with data from past rounds of IRM to see how needs and conditions are changing over time.

Progress in housing reconstruction remained slow and many continued to stay in shelters.

Of those whose houses were seriously impacted by the earthquakes, most had done nothing to repair or rebuild. Some of those who returned to their houses moved back into temporary shelters after realizing that their damaged houses remained too unsafe or were unsuited for living. Others stayed in their houses despite the buildings remaining unsafe after only minor repairs or being located on at-risk land.

As of September, 71% of people in the severely hit districts were in temporary shelters. A lack of money, and slow progress with the government’s flagship housing reconstruction cash grant program, left many people in shelters that they deemed to be inadequate. The survey found that a large share of people struggled to get their shelters ready for the monsoon, the second they have faced since the disasters. Many got sick during the monsoon due to issues with their shelters.

Slow progress was in large part due to delays and obstacles in accessing the government’s housing reconstruction cash grants. These were common at the time of research although much progress in distributing the first installment of the grant have since been made. However, the fact that few planned to use the first installment of the cash grant for the intended purpose, and that awareness of requirements, including building codes, was low, indicates the potential for future problems.

Most cited a lack of money as the main reason preventing them from starting to rebuild.

People said they urgently needed both money and construction materials to be able to rebuild. Looking forward, people were still concerned that the funds they will receive under the housing reconstruction cash grant program will cover but a small amount of the costs needed for rebuilding. Costs for the construction of houses were found to have increased significantly due to higher prices for materials as well as transportation and labor.
People received significantly less aid and many of their pressing needs, especially those beyond reconstruction, remained unidentified and unaddressed.

The steep decline in the coverage of aid was true for different types of assistance including relief, material aid, and cash support. Only 15% of people have received aid of any type since IRM-2. The drop in aid coverage does not correspond with a decline in demand for aid. IRM-3 found that people continued to have a wide range of needs that were not being addressed through government or non-government assistance. On the contrary, as time passes, the gap between needs and aid provided seemed to be increasing. As a result, satisfaction with every aid provider reduced. Fewer people thought that everyone can receive aid according to their needs than in the past.

Borrowing has remained high and it will likely increase further in the future.

The data show that marginalized populations—those of low income, of low caste, the disabled, etc.—have often borrowed repeatedly and at increasing volumes; and this has not been associated with improvements in their income, accommodation, or food consumption. Informal sources of credit, from whom most people are borrowing, often do not require collateral but charge high interest rates. If debt-loads continue to increase, some people may be stuck in situations where paying off loans is impossible.
People from marginalized and disadvantaged groups were noticeably falling behind in their recovery, becoming increasingly vulnerable. This was particularly true for affected Dalits.

Lower caste and low income groups continue to face the greatest challenges in recovering. They have had higher rates of borrowing, mostly from informal sources at high interest rates, leading to a risk of debt traps. Inequality and prevalent forms of exclusion and discrimination negatively affected the recovery of Dalits who stood out as a highly vulnerable group in this research round.

The displaced and those living in temporary shelters remained among the most vulnerable groups facing uncertainty and various risks. People from marginalized groups were disproportionately likely to still be living in temporary shelters and to be less prepared for the monsoon. People in very remote areas were facing greater obstacles to accessing aid and rebuilding their houses. People with disabilities were also slower to recover and women, children, and the elderly continued to be seen as particularly vulnerable groups.

Landslides and water shortages continued to be common and affect recovery.

Landslides were a common worry. Many people were still waiting for geological land assessments to determine whether or not their land was safe. Water shortages, already reported in IRM-2, were still a prominent concern due the drying of water sources, damaged irrigation systems, and insufficient rainfall. This particularly affected the recovery of farmers.

Communities were dissatisfied with communication about aid and resulting uncertainties.

Overall, people did not feel that they could communicate well with aid providers, especially those removed from the local level. The most common source for information about aid were neighbors, radio, the VDC office, and Ward Citizen Forums. Many highlighted uncertainty resulting from a lack of clarity on timelines, procedures, and requirements of aid schemes, including the housing reconstruction cash grant scheme, as a pressing concern.

People continued to suffer psychological impacts of the disaster.

Other issues, not explored in previous rounds of the IRM survey, have also emerged. One-in-five people, for example, report that someone in their household has continuing trauma.

6.2 Key focus areas and recommendations

The data and analysis from the IRM-3 research has established emerging challenges relevant to ongoing and future assistance for earthquake recovery. The National Reconstruction Authority (NRA), international donors, and non-government organizations have already begun to respond to some issues raised by the research but challenges and risks remain. The report concludes by providing a set of independent recommendations for aid providers. The focus areas, and the policy implications that flow from them, do not necessarily reflect the views of the donors to the project.

Shelter and housing reconstruction

There is an urgent need to speed up the roll-out of the cash grants through the housing reconstruction program. Much progress in distributing the first installment of the cash grant has been made since the IRM-3 research was conducted but the survey data has shown that needs remain great. That the cash grant will likely cover but a small proportion of the costs for families of rebuilding is worrying given that affordable credit has not been made available in parallel. As a result, people have to borrow large amounts from

69 These are independent recommendations rather than those of the UK or Swiss government.
informal sources and at high interest rates, which has already increased debt burdens. In addition, limited awareness of and ability to fulfill requirements for receiving subsequent installments of the grant may mean that many will not receive further assistance. The need for clearer information on, and assistance with, procedures and building codes of the cash grant scheme remain great, as does the need for additional financial or material support to rebuild. The IRM-2 report also warned of the need to have a medium-term strategy in place to improve the quality of temporary shelters given that reconstruction will take time. The authors believe this continues to be necessary.

The housing reconstruction cash grant scheme

**Recommendation 1**: Information on procedures of the government cash grant scheme needs to be communicated quickly and more clearly to local government offices and citizens. Local stakeholders, who are close to affected communities, should be utilized more for sharing information.

**Recommendation 2**: Information on challenges related to accessing the grants after agreements have been signed, as well as on the number of people who have yet to withdraw the grant from bank accounts, should be collected to improve access for future rounds of grant dispersal.

**Recommendation 3**: Technical assistance during reconstruction needs to be more widely available across earthquake-affected districts.

**Recommendation 4**: Improve communication between government offices by strengthening coordination mechanisms and information flows between the NRA and government line ministries in Kathmandu, districts headquarters, and the local level (rural municipalities or Gaupalika). Roles and responsibilities of different bodies need to be more clearly defined to improve communication and coordination.

**Recommendation 5**: Develop plans for the clear transfer of responsibilities related to reconstruction and recovery work to new local bodies after local body restructuring.

**Shelter conditions and displacement**

**Recommendation 6**: Improve the quality of existing shelters for the medium-term and prioritize programs to mitigate the consequences of staying in temporary shelter (targeted health support and medicine, temporary water and sanitation facilities, women’s security).

**Recommendation 7**: Complete assessments to determine whether people can return to and rebuild on land deemed to be at risk. Clearly communicate the findings of such assessments to local stakeholders and affected households.

**Recommendation 8**: Generate policy for supporting the permanent resettlement of displaced households unable to return to their land.
Debt and borrowing

Borrowing allowed people to overcome some of the immediate challenges they have faced since the earthquakes. But repeated borrowing of increasing loan amounts is a cause for worry, especially given that interest rates are climbing. While relatively few have sold assets, either to raise funds or service existing debt, there is a risk of this in the future if people cannot pay off debts or if their livelihoods do not fully recover. Further cash grants, or the direct provision of construction materials, are also needed to help people overcome the earthquakes' enduring impacts. Where loans are provided, interest rates should be regulated. This may be particularly challenging given that access to banks is much less common in the more-affected remote areas and that disadvantaged groups face specific challenges in accessing credit from formal sources.

Recommendation 9: Expand soft loan programs, strengthen communication about them, and ensure they reach those in remote areas and marginalized groups.

Recommendation 10: Ensure better awareness of government low interest loans in particular and make these more widely available. Central-level loan policies may need to be revised for ensure better access for those in need of credit.

Needs beyond reconstruction

Many local needs remained unaddressed and there was little shared understanding and coordination of affected communities' most urgent needs as well as the specific needs of some groups. The report highlights that eighteen months after the disaster, a large proportion of people continued to have psychosocial problems that were triggered by the earthquakes or by struggles since the disasters. Experiences from other post-disaster contexts show that such problems can last long after people economically get back on their feet and back into their own houses. Tracking trauma, and developing programs to respond to it, is key. Further, many vulnerable and disadvantaged groups had additional needs. Pre-existing needs of poor households in rural Nepal have become more pressing. For example, poor farmers were struggling in their recovery as they were in greater need of financial resources for rebuilding.

Recommendation 11: Strengthen communication channels for local communities to express their needs.

Recommendation 12: Track long-term psychosocial impacts of the earthquakes and their implications for recovery and expand psychosocial support for earthquake-affected communities.

Recommendation 13: Continue to provide livelihood support to help generate incomes for poor households, especially for farmers.

Making sure the marginalized do not get left behind

The IRM-3 data show strongly that some groups are struggling more than others. The report finds systematic differences in the likelihood of moving back to permanent housing, in livelihoods recovery, and in decreases in food consumption between groups. Those with a low income, no or little education, and those with a disability are making the least progress. Low income and low caste people are borrowing repeatedly at increasing volumes but it appears that this is often just to get by and is not leading to fuller recovery. Low income people are far more likely to sell assets. The evidence does not support the conclusion that the struggles of these groups are a result of systematic exclusion on the part of aid providers. Rather, these groups face particular challenges, such as low capital stocks and less well-remunerated job opportunities, that make it harder for them to recover. Those struggling tend to be the same people who were also most vulnerable and marginalized before the earthquakes. It is thus vital that more attention and resources are directed to these groups so they are not left further behind.

Recommendation 14: More attention needs to be paid to the specific challenges of vulnerable groups to facilitate special assistance that enhances their ability to recover. This includes the need to develop a greater understanding of who is vulnerable in local areas and the factors preventing vulnerable groups from rebuilding.

Recommendation 15: Targeted aid should be context-sensitive; this means local communities need to be informed of and involved in the development and implementation of targeted aid programs to avoid conflict.
Annex A.
The current status of reconstruction

**Housing reconstruction**

According to the Post-Disaster Needs Assessment (PDNA), 498,852 private houses were fully damaged and 256,697 private houses were partially damaged in 31 districts by the earthquakes of April and May 2015. Those whose houses were majorly damaged are eligible to receive reconstruction cash grants through the Rural Housing Reconstruction Program (RHRP); those whose houses were partially damaged are now eligible for retrofitting grants. According to the latest results from the new Central Bureau of Statistics (CBS) assessment, 626,695 private houses across the 14 most affected districts have now been identified as fully damaged and eligible to receive reconstruction cash assistance. A further 19,866 private houses have been assessed as partially damaged and deemed eligible for cash assistance for retrofitting. This figure will likely increase as more districts are covered.

The process of signing reconstruction grant agreements with beneficiaries began in March 2016. A total of 533,182 houses were initially deemed eligible for receiving the house reconstruction grant in the 11 most affected districts. Later, an additional 94,459 beneficiaries were deemed eligible after assessments were completed in Lalitpur, Bhaktapur, and Kathmandu districts in the Kathmandu valley. The process is ongoing and more will be listed as beneficiaries after assessments are completed in all districts and after complaints are verified and addressed.

The deadline to complete distribution in the 11 most affected districts was initially set for mid-September and later 6 October. Both deadlines were missed. As of 5 March 2017, 553,111 households across all districts had signed beneficiary agreements and 532,260 had received the first installment of the grant (NPR 50,000) in their beneficiary bank account. It is unclear who has actually withdrawn the grant money. This is problematic because many earthquake victims have faced obstacles accessing their bank accounts, ranging from living far from the next bank to being abroad, lacking the required documentation or having one’s name misspelled in beneficiary lists or agreements, amongst other factors.

**Complaints and re-verification**

Earthquake victims who want to register grievances related to the beneficiary lists and the housing reconstruction cash grant can do so at the VDC or municipality level, District Administration Offices and District Development Committees (DDCs), sub-regional NRA offices, or the NRA in Kathmandu. Grievances must be registered through official forms and supporting documentation must be submitted. Committees to manage and, if possible, address grievances were formed at the VDC/municipality and district levels. If grievances cannot be resolved locally, they are to be passed on to the next higher level.

A total of 205,196 grievances were registered in the 14 most affected districts as of February 2017. Of these, 83,413 grievances were reviewed in 12 districts. Most

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70 References for information and analysis cited in this Annex can be found in Chapter 2 of the IRM-3 qualitative report.
who complained were found not to be eligible due to owning another habitable house. Many complaints, however, require further field observation to verify missing or mismatching information, and around 21,000 households were not identified in the CBS assessment and need to be assessed in a re-survey.

### Table A.1: Progress of private house reconstruction and cash grant distribution in the qualitative research areas

<table>
<thead>
<tr>
<th></th>
<th>Total (nationwide)</th>
<th>Gorkha</th>
<th>Sindhupalchowk</th>
<th>Ramechhap</th>
<th>Okhaldhunga</th>
</tr>
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<tbody>
<tr>
<td><strong>Damage and assessments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private houses severely or fully damaged (damage grades 3-5 in CBS assessment)</td>
<td>N/A(^{72})</td>
<td>65,168</td>
<td>85,499</td>
<td>49,345</td>
<td>22,786</td>
</tr>
<tr>
<td>Private house owners identified as beneficiaries</td>
<td>626,695(^{73})</td>
<td>58,503</td>
<td>78,537</td>
<td>43,609</td>
<td>19,819</td>
</tr>
<tr>
<td>Households identified for retrofitting grants</td>
<td>19,866</td>
<td>2,019</td>
<td>376</td>
<td>2,149</td>
<td>1,643</td>
</tr>
<tr>
<td><strong>Cash grants</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beneficiaries who signed reconstruction cash grant agreements as of March 2017</td>
<td>553,111</td>
<td>53,349</td>
<td>74,924</td>
<td>40,911</td>
<td>18,489</td>
</tr>
<tr>
<td>Beneficiaries who received the first installment of the reconstruction cash grant (in beneficiary account)</td>
<td>532,260</td>
<td>52,675</td>
<td>74,912</td>
<td>39,759</td>
<td>18,301</td>
</tr>
<tr>
<td><strong>Complaints</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registered complaints at the local level</td>
<td>205,196</td>
<td>15,746</td>
<td>14,447</td>
<td>13,972</td>
<td>7,810</td>
</tr>
<tr>
<td>Complaints reviewed by the NRA as of January 2017</td>
<td>83,413</td>
<td>11,606</td>
<td>2,964</td>
<td>8,553</td>
<td>6,775</td>
</tr>
<tr>
<td>Approved complaints</td>
<td>21,459</td>
<td>2,313</td>
<td>1,269</td>
<td>1,043</td>
<td>346</td>
</tr>
<tr>
<td>Complaints needing further field verification</td>
<td>4,255</td>
<td>849</td>
<td>114</td>
<td>342</td>
<td>273</td>
</tr>
<tr>
<td>Reassessment ordered by the NRA</td>
<td>21,613</td>
<td>2,609</td>
<td>1,016</td>
<td>2,376</td>
<td>1,581</td>
</tr>
<tr>
<td>Rejected complaints</td>
<td>36,086</td>
<td>5,835</td>
<td>565</td>
<td>4,792</td>
<td>4,575</td>
</tr>
<tr>
<td><strong>Reconstruction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Houses already rebuilt by reconstruction scheme beneficiaries as of March 2017</td>
<td>2,265</td>
<td>N/A</td>
<td>22</td>
<td>709</td>
<td>N/A</td>
</tr>
<tr>
<td>Number of self-constructed houses (without assistance) as of March 2017</td>
<td>16,220</td>
<td>N/A</td>
<td>1,293</td>
<td>1,199</td>
<td>N/A</td>
</tr>
</tbody>
</table>

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\(^{71}\) As the CBS survey was not yet conducted in Solukhumbu and Syangja, two of the four districts visited in the qualitative research, no data exist for these districts.


\(^{73}\) Note: The CBS assessment had not yet finished in 17 out of 31 affected districts as of March 2017. The total number therefore only refers to households from the 14 priority districts rather than all earthquake-affected districts.
Retrofitting grants

Although retrofitting grants were a part of reconstruction policy, the terms and criteria were not formalized until recently and there was a lack of support for lesser-impacted homes that could be repaired. These delays and a lack of technical training on retrofitting meant that many households focused on receiving 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. Following complaints and advocacy from some INGOs and donors, the terms of the retrofitting cash grant were elaborated and passed by Cabinet. As per the new (December 2016) Procedure for the Reconstruction Grant Distribution for Private Houses Damaged by Earthquake 2016 (2073 BS), retrofitting cash grants of NPR 100,000 only apply to houses classified in the CBS damage assessment as being grade 3-minor repairs and grade 2-major repairs houses. Buildings classified as grade 1 or as grade 2 (requiring minor repairs) are not eligible for retrofitting or other support. Houses listed as grade 2 (requiring major repairs), however, are eligible for retrofitting support.

Building codes

The new Procedure has added two new preconditions to receive the third NPR 100,000 installment of the reconstruction grant. NPR 75,000 of the last installment will be granted for the purpose of the construction of the roof-level of the houses while the remaining NPR 25,000 is tied with the construction of a toilet or the installment of an alternative source of energy such as solar energy or a biogas plant within two years of the construction of the houses.

Technical supervision

In May 2015, the Government of Nepal requested partner organizations to focus on providing technical assistance. In late February 2017, the NRA again requested partners to increase technical assistance to households who were building back in order to help them meet the technical specifications in the building codes and inspection SOP. This request came as internal NRA surveys suggested that up to 50 percent of house being rebuilt were not compliant with the technical guidelines in the inspection SOP. As of 10 March 2017, only 24 VDCs out of a total of 618 in the earthquake-affected districts had full technical coverage from NGOs and development partners with 150 receiving no technical assistance.

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74 Houses classified as grade 1 or as grade 2 (requiring minor repairs) are not eligible for retrofitting or other support. Houses listed as grade 2 (requiring major repairs), however, are eligible for retrofitting support.