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## MARKET ASSESSMENT IN NORTH-WEST SINDHUPALCHOCK

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Helambu, Ichok, Kiwook, Mahankal, Palchok, Dubachour and Melamchi Municipality (former VDCs Melamchi, Talamarang and other 5 VDCs).

Assessment conducted on 12./22./23./26.5.2015 by

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## 1. Introduction

This market assessment was done in order to assess the capacities of the market to supply goods needed by the population affected by the earthquakes that hit Nepal on 25./26.4. and 12.5. It does not claim to be highly sophisticated or scientific, it aims at providing HELVETAS Swiss Intercooperation Nepal a basis for deciding how the population can be best supported while destructing the markets as minimal as possible. In the same line, this report was written as an internal document with the purpose of capturing the learning from the assessment.

The assessment was done through 15 interviews: a member of the chamber of commerce of Melamchi as well as traders and agro-vets in all market places in the working area (Helambu, Ichok, Kiwook, Mahankal, Palchok, Dubachour and Melamchi Municipality) and Banepa, the main market hub catering to the working area.

The interviews were conducted based on the Rapid Assessment of Markets (RAM) tool with a questionnaire elaborated by the sub-working group for market assessments of the Cash Coordination Group of the UN-clusters. In addition, other questions were asked in order to assess the capacity and constraints of the markets.

Chapter 3 provides some background information on the area in question. Chapter 4 presents the summary of the assessment findings and the conclusion while chapter 6 provides the details to the assessment. Chapter 5 proposes how different needs of the population could be addressed taking into account the assessment findings.

## 2. Market selection

### 2.1. Geographically

The assessment focuses on the VDCs in Sindhupalchok in which HELVETAS Swiss Intercooperation Nepal: Helambu, Ichok, Kiwook, Mahankal, Palchok, Dubachour and Melamchi Municipality (former VDCs Melamchi, Talarang and other 5 VDCs).

### 2.2. Markets

The assessment will include the main market hubs along the roads of the working area. It also includes the market of Banepa which is the main market hub for goods going to the working area.

### 2.3. Goods & services

The assessment focuses, but is not limited to, the following goods and services:

- Rice, lentils, oil, wheat flour, salt
- Bathing soap, laundry soap, water purifier, tooth paste and brush, kerosene
- Financial services: credit, remittances

## 3. Background information on the selected markets

### 3.1. Population and their livelihood

This area is an agricultural pocket area. The production is very good. People sell their products for high prices to Kathmandu and buy cheap imported products.<sup>1</sup> As a whole, however, the area is a net consuming area, producing less than it consumes.

20% of the traders in Melamchi have lost their whole business (house/stock). It is not sure if they will restart.

<sup>1</sup> According to a member of the chamber of commerce of Melamchi

The area is also known for tourism (Helambu-Circuit). The trail passes through the VDCs of Helambu, Palchok, Dubachor and ends in Melamchi. The main tourism area is Helambu VDC. 5 hotel entrepreneurs in Melamchi have left the town because their hotel was damaged and they don't have trust that tourists will come back soon. They migrate (temporarily?) to India where they have relatives.

	People in lower fields of the valley (roadside, close to the river)	People in the hills of the VDCs
<b>Population</b>	More Brahmins and Chhetri	Tamang, Sherpas
<b>Poverty</b>	Still poor but better off than the people in the hills	Very poor. In Helambu VDC people living in higher lands are better off (tourist area)
<b>Income</b>	<ul style="list-style-type: none"> <li>Remittances from 1 person per household on an average working in middle east/Malaysia/Europe/Australia/US</li> <li>Professional activities in Cities</li> <li>Business activities and selling agricultural and livestock products</li> <li>Milk collected at VDC and sold to Kathmandu</li> </ul>	<ul style="list-style-type: none"> <li>Remittances from 2-3 person (incl. women) per household working in middle east/Malaysia</li> <li>Day labour on fields of people down in the valley</li> </ul>
<b>Agriculture</b>	<ul style="list-style-type: none"> <li>Wheat, rice. Largely self-sufficient, produce for own consumption, normally not commercial. Wheat is currently harvested, soon completed. Spring paddy be harvested in two months.</li> <li>buffalos and goats</li> <li>Offseason vegetables like tomatoes and cauliflower, sold to markets in Kathmandu.</li> </ul>	<ul style="list-style-type: none"> <li>Maize, millet, small rice fields in lower fields for own consumption.</li> <li>Produce not enough, need to buy rice</li> <li>goat/sheep (?) rearing</li> </ul>
<b>Impact of earthquake on assets and income</b>	<ul style="list-style-type: none"> <li>many lost buffalos and goats</li> <li>lost seeds</li> <li>lost some of the food stock</li> </ul>	<ul style="list-style-type: none"> <li>lost animals</li> <li>lost seeds</li> <li>lost 3 months of rice stock which they bought to cover the monsoon season</li> </ul>
	<ul style="list-style-type: none"> <li>lost houses</li> <li>cracks in irrigation system</li> <li>damaged water mills and fisheries</li> <li>still have income from remittances</li> </ul>	

### 3.2. Agricultural calendar

Most farmers have lost their seed stock as their houses collapsed. There is an urgent need for main-season rice as the plantation is already delayed. Other seeds which will be in demand soon are Soybean, black gram, rainy season vegetables and millet.

**Cropping pattern: Khet Land**

Crop	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Food grains</b>												
Spring Rice												
Maize												
Main season rice												
Soyabean, blackgram												
Wheat												
Peas, lentil												
<b>Oil crops</b>												
<b>Vegetables</b>												
Summer												
Rainy												
Winter including potato												

**Cropping pattern: Bari Land**

Crop	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Food grains</b>												
Maize												
Millet												
Soyabean, blackgram												
Barley, buckwheat												
Potato												
<b>Oil crops</b>												
<b>Vegetables</b>												
Summer												
Rainy												
Winter												

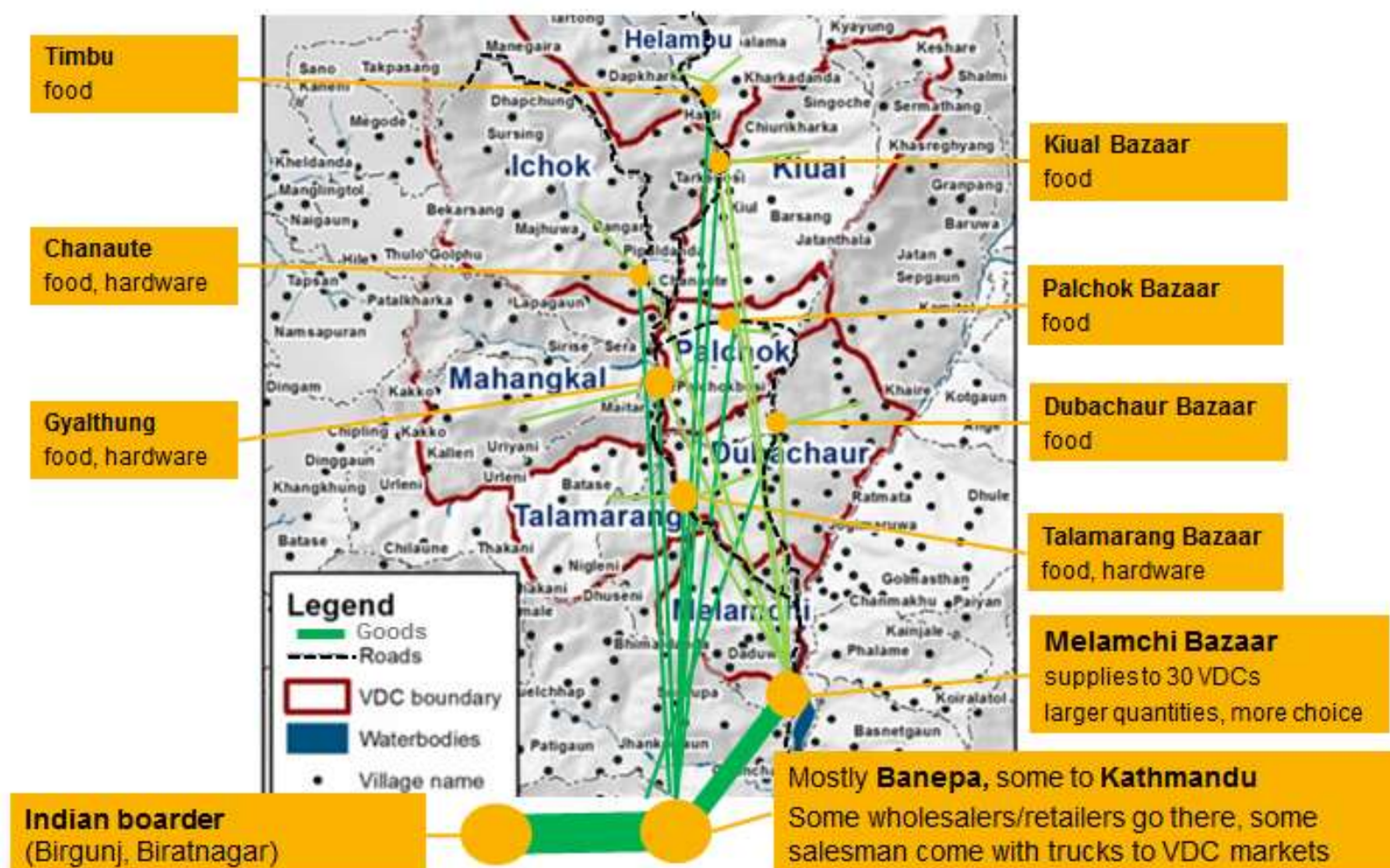
urgent

soon

Based on Hari Gurung and Prasad Chhetry

## 4. Assessment of the market system

### 4.1. Map of the markets in the working VDCs





## 4.2. Assessment Findings

### 4.2.1. General observation of market places

Market	General damage observation of market place	Number of open vs. closed shops
Melamchi Bazaar, Melamchi Municipality	between 33–66% physical damage visible	Less than half of normal shops open
Timbu, Helambu VDC	> 66% physical damage visible	More than half of normal shops open
Chanaute, Ichok VDC	> 66% physical damage visible	Less than half of normal shops open
Gyalthung, Mahankal VDC	between 33–66% physical damage visible	Less than half of normal shops open
Kiul Bazaar, Kiul VDC	between 33–66% physical damage visible	Less than half of normal shops open
Palchok Bazaar, Palchok VDC	> 66% physical damage visible	Less than half of normal shops open
Talamarang, Melamchi Municipality	< 33% physical damage visible	More than half of normal shops open
Dubachor Bazaar, Dubachor VDC	> 66% physical damage visible	Less than half of normal shops open

### 4.2.2. Demand of goods

- **Generally demand is low** because:
  - Relief material distributed, people don't have money, people are busy with their own house, no tourists
- **No demand for food** because of:
  - Relief material distributed (main reason)
  - For 1-3 months they don't need to buy food (relief material, will have some harvest, some have recovered stock)
  - According to agricultural assessment: 2-3 weeks no need to buy food.
- **High demand for CGI-sheets and nails**
- **High demand for seeds, but people don't have money**
  - Paddy plantation is already late
- **Very low demand of animal medicine** as many animals died
- **Increased demand for alcohol and cigarettes**
- **Other items in demand are lentils, noodles, biscuits, toothbrush, soap (wash and body), matches, oil, animal fodder**

### 4.2.3. Supply of goods

- **Supply chains / network among market actors seem intact**
- **Less than 50 percent of shops are open**
  - Shops and storage has been damaged
  - Stock is low, traders have not replenished their stock
  - Some traders are not in the mood to re-open, have lost family members
- **No problem to supply food and seeds**
  - Because of lack of demand, traders have not ordered since the earthquake
  - If demand is back, traders can supply.
  - Only (big) concern of retailers is the availability of cash to source supply as everything needs to be paid in cash now. (see next slide)
  - Seed wholesaler in Banepa (mainly selling to Melamchi) ordered 1 ton of seeds
- **Problem to supply CGI-sheets and nails**
  - Traders queue in Banepa for sheets and might still not get what they need

### 4.2.4. Financial Markets

#### Private Credits

- **Credits for animals unlikely to be repaid**
  - A large number of HH has taken group loans for animals with savings- and credit cooperative. Many animals have died and it is unclear, if farmers will be able to pay back the loan. (assessed in Ichok only)

#### Credits within the value chain

- **No more supplies on credit**
  - Before the earthquake, a lot of the trade was done on credit. Customers and retailers would get the next supply on credit after paying the outstanding amount.
  - There is still a demand for products on credit by customers as wage labourers (mainly construction workers) and daily labourers in agriculture have to wait for payment/work
  - Big traders and retailers don't accept credit payment anymore. Some retailers/wholesalers think they will be able to find the finances to source somehow, others are not sure.
  - Cash only system might persist for longer period



## Credits from Banks

- **Retailers/wholesalers usually have no bank credit**
  - Small retailers/wholesalers in the VDCs don't have bank credits
  - They have, however, a bank account.
  - Nepal Bank Ltd. said it would provide credit if collaterals are available.
  - Some traders would take a credit if they can, others not.
  - Larger traders in Banepa are likely to get credit
- **Banking system not fully working**
  - All banks are in Melamchi
  - Only 1 Bank (Nepal Bank Ltd.) of 6 in Melamchi is working
  - Others have destroyed buildings or have problems with network
  - No new credits given by bank since earthquake
  - Collaterals (houses or stock) have been destroyed
  - Less normal transactions, more remittances (new and existing clients)
  - People can access remittances as NBL works with several providers.
  - Remittances in Nepal have gone up by 30% since the earthquake and are mainly used for shelter

### 4.2.5. Prices

#### General consumables/Food items

- **Stable at local level, risen at large supplier level (Banepa) – likely to rise at local level too**
  - Prices at local market level have increased only slightly
  - Prices in Banepa have increased (generally + 10%, rice + 5-10%, lentils +30%) as a result of increased prices at boarder to India. Prices are expected to stay there.
  - Increase of prices in Banepa has not yet translated into price increase at local level as local traders have not replenished their stock
  - Prices at boarder to India went up as aid agencies have bought supplies and traders there probably try to take advantage of the situation
  - Governmental price monitoring takes place at local level only, not at boarder towns

#### CGI sheets

- **Prices have increased locally and at large supplier level**
  - CGI sheets are short in supply
  - Prices at local market level have increased as suppliers have raised prices, too

### 4.3. Assessment Conclusions

- **Relief** distribution has already **negatively influenced the market's capacity to recover**. After the food market is now without demand for 1-3 months, it is likely that the distribution of hygiene kits and seeds will further weaken the market system.
- **Markets seem able to supply** if demand is back. The smaller number of shops, however, would have to increase the turnover and increase storage facilities.
- **Financing of supplies is the critical issue** as now there is **cash-only** for almost all actors.
- If possible, **relief should be done through existing market system, with cash or vouchers**. Vouchers allow to ensure that (a range of) specific products will be bought.
- If **relief material** is to be bought by organisations, it should be **purchased as locally as possible**. Melamchi bazaar seems to be able to supply everything, smaller markets also to some extend.
- The **capacity** of supplying the necessary quantity **depends** also on the **availability** of the respective **commodity** in the market as well as on **financing capacities**. **Small traders need support** from organisations (supply chain, credit)
- **Prices are going to increase at local level** when shops replenish their stock by **10-30%**

## 5. Possible intervention strategies

### 5.1. Possible strategies for needs of people

Need	When	Measure	Comment
Food, hygiene articles locally available	Within a month	Vouchers to needy population  Work with financial institutes on pre-financing mechanisms	Now food is available for at least a month
Food, hygiene articles locally not available (e.g. sanitary towel)	If urgent:  If not urgent:	Buy as locally as possible and distribute  If recurring need is there, link wholesalers and retailers with suppliers and provide vouchers	More work, someone will have to do that

Need	When	Measure	Comment
Shelter material (CGI-sheets, nails etc.)	asap	Buy as locally as possible and distribute	Local dealers are struggling to get supplies as aid organisations are purchasing in Banepa/Kathmandu. Would need support.
Shelter Tools	asap	Buy in Melamchi and distribute	
Re-scheduling of Instalments of Credits	asap	Discuss with banks Re-scheduling of instalments for private and business clients	Some banks have already announced such re-scheduling

## 5.2. Possible strategies for restoring livelihoods

Need	When	Measure	Comment
Agricultural tools	asap	Buy as locally as possible and distribute	.
Urgently needed seeds	asap	Buy as locally as possible and distribute via cooperatives (rice) or agro-vets (other seeds)	Rice seeds are normally bought from cooperatives while others from agro-vets
Other seeds	Within two months	Link agro-vet in Melamchi with retailers in VDC markets and distribute vouchers	Opportunity to improve distribution system and use of improved, nutrition rich varieties
Seed and food storage of population	asap	? find out what other organisations are doing	
Husbandry	?	?	Many people lost their animals
Tourism	?	?	Main seasons in spring and autumn

## 6. Annex III: Assessment Details from Interviews with Market Actors

The sub-chapters 6.1 to 6.4 summarise the main messages given by the interviewees. They may or may not be covered by the Rapid Assessment of Markets questionnaire. The answers of the questionnaire are provided in sub-chapter 6.5 as well as 4.2.1.

### 6.1. Food and Non-Food Item markets

#### 6.1.1. Banepa

4-5 agro-vets in Banepa

##### Interview with Wholesaler 1

- No demand for food
- 1 wholesaler in Melamchi normally comes with his own truck (has 3). He orders by phone.
- There is demand for drinks (juice, coca-cola) cooking oil, animal fodder, remain at same level
- Has no problem to supply
- Still delivers on credit

##### Interview with Wholeseller 2

- No demand because of relief material (once rice was bought with him) and no storage place in local markets
- Went to Sindhupalchok to ask for repayment of credit of retailers (his clients) but doesn't feel he can now ask as they have lost so much. This is a problem as he also has a credit with a bank
- Bank is not extending the credit duration / instalment
- Now: cash only for clients. People will get remittances and will be able to pay.
- For a while, he expects, everything will be in cash in this business
- If clients pay in cash, he has the capacity to supply if the demand is normal again. He might also get a loan without collateral from cooperative up to Nrs. 150,000.
- Clients normally call him and tell him the demand, a salesman goes with a truck to the VDCs and delivers.
- There are chances that people migrate to Kathmandu during monsoon as they are scared of landslides.
- Prices have increased from source (India) so he also had to increase. Particularly lentils. Reasons he sees are that aid agencies have purchased large amounts on the boarder to India (Birgung, Biratnagar) and the big dealers there are also taking advantage of the situation. Price for 30 kg of rice from mills at the boarder is now 1020 Nrs. and was 900 Nrs. before the earthquake (+11%).
- Price monitoring is only done on local level, not at the boarder of India

##### Interview with Wholesaler 3

- Name: Jitindra
- Sells to Chanaute (Ichok) and Melamchi Bazaar.
- Normally traders come to his place to pick it up.
- Still sells on credit
- Very low demand, no demand for food
- Since earthquake he has supplied 2 x to Melamchi Bazaar: Oil and fodder
- Supply from Birgunj and Biratnagar
- Thinks he can supply if demand increases
- Prices have gone up since earthquake: Rice, beaten rice +5%, then down 1%, generally 10%, lentils +30

### 6.1.2. Melamchi Bazaar

- 50% of houses in Melamchi are damaged
- Only 50% of shops are open and only limited hours (4-5 h/day)

#### Interview food trader

- Has Nrs. 33 lakh debts with supplier, his customers have Nrs. 66 lakh debts.
- Only sells against cash as he also doesn't get credit anymore from supplier.
- Would take credit if bank offers

#### Interview hardware shop

- Nails are not available with his suppliers in Kathmandu/Banepa
- CGI-sheets are in high demand
- Needs 1 week to supply quality sheets
- No credit anymore, only cash (from customers, to suppliers)
- Capacity: can order 600 bundles (if not more) if not specified criterias
- Care collected quotas from 3-4 sellers of CGI-sheets. He would like to get 50% in advance from Care in order to be able to purchase.

#### Interview food trader/retailer

- Most in demand is rice, dhal, chura. But now there is no demand because there is no storage for food in shelter.
- Could supply if demand is there.
- More Raksi and Cigarettes are being sold
- Before he got 50% of supplies on credit. Now he only sells against cash as he also doesn't get credit anymore from supplier.
- Sells to Talarang, Dubachor, Timbu, Gyalthung, Palchok

### 6.1.3. Helambu: Market in Timbu

#### Interview food trader/retailer

- Sells to individuals and to small shops in the upper belt (also rice)
- Goes to Banepa to get stock, rents small truck in Banepa. Before he went 2x/month, now 1x/month.
- No demand now in food items because of relief material.
- Mostly sells toothbrushes and matches
- Thinks he will manage to get finance to supply when demand is back to normal.
- He can also supply CGI sheets. No hardware shop here, only in Melamchi
- Those living on higher levels are better off. This is where tourism is taking place, some have tourists as sponsors.
- Those living in the middle level don't even have people outside the country (gulf/Malaysia)
- Those living in the lower level have often rented land (from those in the higher level) and 50% of the youth are living in India and gulf countries. Mainly in India as not so much money is needed to start there. Once they have saved some money, they go to the gulf countries.
- Hotels in Helambu usually go to Kathmandu, Banepa or Melamchi

### 6.1.4. Kiul

#### Interview food retailer in Kiul bazaar

- Now there are only 2-3 retailers open, normally there are 5
- Before the earthquake he sold 50-60 30 kg sacks of rice, now no demand because of relief material
- Go to Chanaute (Ichok VDC) for tin sheets or nails, if not available to Melamchi



- Food: Traders of Banepa come with trucks. Before regularly, but now only on request. He also buys in Melamchi (Coca-Cola has a dealer there).
- Normally can buy against cash and credit, but now he doesn't know if he can get supplies on credit.
- Before earthquake he sold mostly on credit, now only in cash. People still ask for credit. Some work as labour (mostly in construction) only get paid after 15 days, some sell agricultural products and have to wait for harvest.
- Thinks he can supply if demand is becoming normal, but cannot give credit anymore to people.

#### **Interview food wholesaler on the way to Kiul bazaar**

- Sells to retailers in Kiul bazaar and on the road
- Sells in cash, before also on credit
- Always buys in cash.
- Has not ordered anymore since earthquake
- Can supply if demand is back, but doesn't feel like as he has lost relatives.
- Most demanded products: cigarettes. People have habit of bringing them as a gift when visiting.
- When interviewing, he sold to the retailer in Kiul (above) biscuits and noodles.
- For 2-3 months people will not need to buy food as they received relief material and will have some harvest (millet, rice).
- Banepa Suppliers: Narayan K. Shrestha, Jitindra, Darnan

### **6.1.5. Palchok**

#### **Interview retailer and wholesaler for small shops**

- Shop and storage partly destroyed. Stores in his temporary shelter
- Has not yet ordered newly from Banepa. There is no demand and as the store is broken, he doesn't want to buy more stock. T
- Thinks he can supply if demand is there. Maybe not as much as before, maybe half the amount as he doesn't have so much cash. Thinks he can manage the storage problem somehow.
- Would not take a loan from a bank but from friends.
- Has a bank account with Sindu Bikras Bank in Melamchi. Hasn't taken any loan so far, doesn't know if he could get one.
- Normally it takes 7-10 days until he gets supply
- Upper land of Palchok goes to this market, lower land to Gyalthum

### **6.1.6. Dubachor**

#### **Interview retailer**

- Sold out all rice after the earthquake, no 1-2 months no rice will be demanded
- Restocked eggs, noodles, water, biscuits for Nrs. 200,000 (1/2 on credit)
- Now he has to go to Banepa to restock, before Banepa traders came to him. Now they are scared of looting. Trader contacts in Banepa: Ishwar (near petro pump) and Dilip.
- High demand in alcohol. Self-made Raksi not possible as facilities are damaged
- Now big demand in agro-inputs.
- People buy seed before earthquake, they retain 50%, buy 50% in Melamchi
- Pesticide is not used. Fertilizer is used, trader comes with fertilizer in exchange of rice
- Not sure if he can supply when demand is back as cash is a challenge. Before he got credit from friends, but now they also don't have money. Has a bank account in Melamchi (Civil Bank), but no credit taken so far. Approached Civil Bank for credit 2 months ago for enlarging the shop as well as to build a hotel, i.e. upgrading his restaurant. The office for small industries and cottages needed to check before processing the credit, but now the office is closed. Will try again when it re-opens.

### 6.1.7. Talamarang

#### Interview Hardware shop

- Ram Krishna Deuja, 9841077287
- Supply is a big problem
- Go to Banepa and queue for CGI-sheets, never sure if he gets sheets
- Ordered 20 of wire, only got 2 kg at Manakamana Supplier in Banepa.

Before earthquake sold only few CGI-sheets, afterwards 200 bundle

#### Interview Retailer

- Supplier Ram Sudhan K.C. 9851037912, 9860024219 passed by to sell products. First time that a supplier has come after the earthquake

### 6.1.8. Gyalthung

#### Interview hardware shop

- Bhisma Tamang 9818741428
- Only open since 2 days as wife passed away during earthquake
- Supplier in Banepa: Kinipandra 011661652

#### Interview hardware shop

- Deepak 9818728580
- Sheet supply is a problem
- Wire and nail supply is not a problem
- Before earthquake had 5-10 bundle CGI-sheets on stock, after earthquake he sold 60 bundles
- Demand is there but has not enough money to purchase more
- Will maybe try to get credit. Has account with Sindu Bank and NDP.
- This morning (22.5.) he went to Nepal Bank Ltd. in Melamchi to get cash with a cheque but they said they don't have cash. When we visited NBL we witnessed that they received cash (21.5.)
- Price of CGI-sheets has increased 2-300 NPR since the earthquake.
- Supplier in Banepa: Jayma Chandaysori 011 661844, Rajesh hardware 9803772150

#### Interview retailer

### 6.1.9. Chanaute (Ichok)

4 of 5 shops are open (1 trader is in KTM for personal reasons). their storage room is (partly) broken

#### Interview with retailer

- it may take approx. 6 months to a year to revive the local market to its fullest to that of before earthquake.
- They order from Banepa or Kathmandu and traders sent/come with trucks to deliver to the different towns
- before the earthquake around 25 trucks came daily up the valley, now almost no trucks are coming (only relief trucks)
- traders don't buy large quantities because:
  - traders of Banepa, who deliver to the small shops in our working VDCs, don't want to take the risk of looting on the road. They put the risk on the local traders in our VDCs and they do not want to take too much risk. However, until now, looting of traders goods has not been noticed in this area. One case of looting relief was noted in the initial days after the quake when security was not yet established on the road.
  - they are scared that people want to buy on credit
  - they don't have much storage room

- they are scared of new earthquake
- people have received rice as relief material and there is not much demand now. This will remain the same until the received items last (around 2-3 weeks) or even longer in case further relief materials are distributed.
- Demand for rice was high in the 2 days after the earthquake, but since rice has been distributed there is not much demand. Some want oil, but not much. We don't know how the situation up in the hill is.
- There is a probability of scarcity of food items at the local markets once the relief materials get finished at households level without any intervention.
- Spring paddy will be harvested by two months and will support the local needs of the river corridor residents mainly, only few people of the upper belt have small land in the river corridor.

## 6.2. Input Markets

There are no input retailers (agro-vets) in the VDCs outside Melamchi Bazaar. They source from Banepa or Kalamati

### 6.2.1. Banepa

#### Interview with Manandhar Agroveter

- Specially sells to Melamchi or Kavre
- 30% decrease in sales
- People are not in the mood to do agriculture
- Client agro-vets call him, explain their demand and come to him with vehicle, they pay in credit
- Still now they can get credit
- No retailer has replenished their stock after the earthquake
- Normally now is the time for maize seeds but very few sold. Will send his maize seed stock back to his supplier as the season is over.
- Has now ordered 1 ton of rice seeds (Kumal-4). Demand is very high. His supplier is government office in Kavre.
- After Rice seeds potatoes seeds will be needed as well as tomatoes and cucumber
- He is able to supply if there is demand, but for large quantity he needs to order extra.
- His suppliers are in Birgunj

### 6.2.2. Melamchi Bazaar

#### Interview Agro-Vet, dealer and retailer:

- New Panch Pokhari Agro-Vet, Mr. Madar Prasad Acharya 9843250218
- Sells seed (vegetables, maize, rice), pesticides
- In every VDC he sells to farmers who sell to others (not registered but trained by DADO or VDC for use of seeds, not for trade)
- Source: Banepa (Manandhar Agroveter) and Kalamati (Washinkali Agroveter)
- 1/10 of animal medicine demand as many died
- Business has gone down badly, looking for alternative business
- Demand for seed is there but clients have no cash.
- He also does not have cash, but all transactions have to be done in cash now.
- Has a bank account with Nepal Bank Ltd. has taken a loan, cannot take another loan.

## 6.3. Financial Services

### 6.3.1. Credit market

#### Banks

- All banks are in Melamchi. Out of 6 banks in Melamchi, only Nepal Bank Ltd. (NBL) is currently open. Others had networking problems or cracks in buildings.
- There are no Financial Service Providers or bank agents outside Melamchi.
- NBL has a problem with outstanding credits and mortgages. It is not sure how much they will be repaid. The collaterals of the credits, houses and stock, has been damaged and cannot be claimed anymore. The bank believes that business clients will have the capacity to pay back.
- The bank has not issued any new credit since the earthquake. There is also no demand for credits.
- The bank expects less credit volume in the future as business people are leaving.
- The problem for new credits is that there is no security. The bank would, apart from houses and stock, take land or gold/silver as collateral.
- If collaterals are available, then credits can be given to traders.
- Before the earthquake, the repayment of loans was very well according to NBL.
- Regular transactions: before 80/day, now 40/day. Reasons are that people lost their check book and that people who have bank accounts are better off. So they still have some money at home while those who don't have a bank account need cash (more remittances)
- The government has announced that people who lost their house should get loans at 2%. It is, however, unclear how this will be implemented.

#### Saving and credit

- Cooperative in Ichok has disbursed loans to 800 HH via 72 groups (average NPR 200'000/group = 140'000 USD totally), group guarantee, mainly for animals before the earthquakes
- Many will not be able to pay back as their investments (like animals were killed in the incident of quakes)
- Cooperative has not yet discussed what they will do if one cannot pay back. Are not sure if they can give more loans.

#### Traders

**Cash only, no credits.** Many clients have received products on credit already before the earthquake, but particularly after the earthquake. Now the traders don't know when they will get this money. Their suppliers used to give products on credit, but now only sell against credit as they know that the traders don't have much cash. That is why the traders now also only sell against cash.

## 6.4. Remittances

- People depend highly on remittances, having 1 to 3 household members abroad
- Remittances are collected in banks/remittances offices in Melamchi only, apparently for all VDCs as further up the valley. Remittances institutions are not established further up the valley due to perceived insecurity situation on handling larger amount of cash as there are no police stations.
- According to local people, remittances can be withdrawn in Melamchi.
- Out of 6 banks in Melamchi, only Nepal Bank Ltd. is currently open. Others had networking problems or cracks in buildings. The bank is working with the remittances companies IMC, Western Union, praBhu, City express and has its own wing NBL Remit.
- NBL Remittance transactions: before 25/day, now 60-70/day. NBL has new clients asking for remittances as well as more turnover of existing clients.
- According to member of chamber of commerce, Melamchi people have enough remittances to cover own normal daily needs. Traders, on the other side, mention that people want items on credit.
- Remittances in Nepal are said to have increased by 30% since the earthquake, mainly being spent in shelter.

## 6.5. Answers from Rapid Assessment of Markets interviews

Details from the questionnaire elaborated by the market sub-group of the Cash Coordination Group of the UN-Clusters. General information on the condition of the market places can be found in sub-chapter 4.2.1.

	Melamchi	Helambu	Ichok	Gyalthung	Kiul	Kiul	Palchok	Talamarang	Dubachor
Location and Name	Sindhupalchok, Melamchi, 6 Anil Shrestha	Sindhupalchok, Helambu, 8 Dawa Galjan Lama	Sindhupalchok, Ichok 6 Gauri Narayan Vaidhya	Sindhupalchok Mankal, gyalthung 1 Bed Prasad Lamichanne	Sindhupalchok, kwul 1 Khil bd Khadka	Sindhupalchok, kwul 5 Bikash Lama	Sindhupalchok, palchow 3 Rupak chandra shrestha	Ainshupalchok, Talamarang 2 Radha Krishna Shrestha	Sindhupalchok, Duwachour 3 Raju Shrestha
Mobile	9843169434	9803290608		16218714	9808210830	9803223943	9818199963	9843569238	9813800964
Condition of shop after earthquake	little, damaged	Severely damaged	moderately damaged, habitable	little, damaged	Severely damaged	Severely damaged	Severely damaged	little, damaged	little, damaged
Shop storage area pre-shock (m2)	30	20	60	16	12	16	12	24	16
Shop area undamaged post shock (m2)									
Which items is the shop selling?	Food, Hygiene articles	Food, Hygiene articles	Food, Hygiene articles	Food, Hygiene articles	Food, Hygiene articles	Food, Hygiene articles	Food, Hygiene articles	Food, Hygiene articles	Food, Hygiene articles
Are any of the following items usually traded not available since the shock?	lentils	nail, slipper	rice, wheat flour	lentils, Kerosene, Sugar	rice	rice, Kerosene	Kerosene, spices	coke	rice
How do these stocks compare to normal for all items identified ?	Significantly less for all items	Significantly less for all items	Significantly less for all items	Significantly less for all items	Significantly less for all items	Significantly less for all items	Significantly less for all items	Significantly less for all items	Significantly less for all items
Have you replenished food commodities through these same main suppliers since the shock?	Yes	No	No	Yes	No	Yes	No	Yes	Yes
If not replenished, why not?		cannot get credit from new supplier	No storage		loss family member		storage		
Are you able to get credit for food stock from your supplier?	NO	NO	NO	Yes	Do not know	Do not know	Do not know	NO	Yes
Have you replenished non-food stock through these same main suppliers since the shock?	Yes	No	No	Yes	No	Yes	No	Yes	Yes
if not replenished, why not?		chance of looting	No storage		just reopened shop		no demand and storage		
Are you able to get credit for non-food stock from your supplier?	Yes	No	No	Yes	Do not know	Do not know	Do not know	No	Yes

	Melamchi	Helambu	Ichok	Gyalthung	Kiul	Kiul	Palchok	Talamarang	Dubachor
Price of per kg coarse rice now	36	0	37	0	28	45	35	35	70
Price of per kg coarse rice before shock	36	0	37	0	28	45	35	35	70
Price of per kg lentils now	145	0	160	140	140	140	140	140	140
Price of per kg lentils before shock	145	0	160	140	140	140	140	140	140
Average sales per month for lentils	45	NA	10 kg	140	0 now	40	60	100	40
Price of oil now	150	150	NA	140	150	130	130	145	140
Price of oil before shock	150	150	NA	140	150	130	130	145	140
Average sales per month for oil	150	15	NA	NA	0 now	10	0 now	25	20
Price of kerosene now	NA	15	NA	NA	86	NA	NA	100	NA
Price of kerosene before shock	NA	NA	95	NA	86	NA	110	100	NA
Price of a body Soap now	25	0	35	25	25	35	30	25	30
Price of a body Soap before shock	25	0	35	25	25	35	30	25	30
Price of a toothpaste now	25	0	0	30	25	25	25	25	25
Price of a toothpaste before shock	25	0	0	30	25	25	25	25	25
What actions in your view will help stabilize the prices in the market?	no change	stop in-kind distribution of market items	dont know	dont know	no increase in price	dont know	dont know	stop in-kind distribution of market items	dont know
What is the most frequently purchased commodity since earthquake?	Lentils	Hygiene items, entils, Oil, wheat flour (laundry soap), cigratte	Lentils, soap (bar of body soap), Hygiene items (laundry soap)	biscuits	Lentils, noodles	bar of body soap, biscuits and noodles	Oil, Sugar	bar of body soap, laundry soap, alcoholic drink	
what is the most frequently purchased non-food commodity?	Soap for laundry	Hygiene items, cigratte	Soap for laundry	Hygiene item, Soap for laundry	cigrate	Hygiene items	Soap for laundry	Soap for laundry	Soap for laundry, alcohol
By how much have sales declined compared to before the shock (%)?	Between 25 to 50 %	More than 50 %	More than 50 %	Less than 25%	More than 50 %	Between 25 to 50 %	More than 50 %	Less than 25%	More than 50 %
Main reasons for sales decline since earthquake	no safe shelter			Relief material		relief materials		Relief materials	
Main reasons for sales increase since earthquake		dont know	less shops are selling these products now	less shops are selling these products now	dont know		dont know		less shops are selling these products now



## 7. Annex I: Relief activities from other organisations

### 7.1. Relief material - considerations

- Relief materials (rice and tarpaulin sheet) are provided on the basis of household without considering the number of members within the family. This encouraged higher reporting of the households numbers (HH pretending to have separated) and the local authorities are facing problems in relief distributions. This needs some corrections.
- Locals are curious to know the type and duration of the support they will be receiving from HSI Nepal. We need to develop our common and concrete ideas soon if possible.

### 7.2. Organisations active in the VDCs

Actor	Activity	Location
Nepal Health Professionals Association	▪ Distributing food items on the way (09/05/2015)	
Bangladesh Community Hospital Trust	▪ running a health camp (09/05/2015)	
Action Contre la Faim		
Bosch relief Aid		
Relief Materials From Sikkim		
3M		
Save the Children	▪ Distribution of Tarpaulin (09/05/2015) ▪ Temporary tents for day care of children	Melamchi VDC Talamarang
Nepal Redcross Society	▪ Distribution of Tarpaulin (09/05/2015)	Melamchi VDC
Czech medical team	▪ have a medical camp for about 2 weeks more (09/05/2015)	Melamchi VDC
Japanese Red Cross	▪ working together with Health center (for 3 months) (09/05/2015)	
World Food Program	▪ Food supplies	Melamchi VDC
Child Nepal	▪ Food supplies to all HH in Dubachaur (16/05/2015)	Dubachaur VDC
Care	Consider: ▪ Shelter kit with 2 CGI sheets (.41 mm), 75 USD conditional cash (voucher for different shops/services) ▪ Food security: storage and seed ▪ Cash for Work for community building ▪ Something on Gender ▪ Schools: possibly with Childreach or others.	Melamchi and Dubachaur VDCs (maybe) and other adjoining VDCs.
Action Aid	CGI-Sheets	Kiul and Ichok VDCs

## 8. Annex II: Explanation on Multi-Purpose Grants (MPG)<sup>2</sup>

### Purpose

- Multi-Purpose Grant (MPG) is a cash and/or food/item transfer to households to meet their daily needs for duration of emergency period (e.g. 3 months)
- Value of MPG is based on Minimum Expenditure Basket (MEB) which is defined by clusters Water and Sanitation as well as Food Security (see list below. Total value per HH and month 108 USD, thereof 70% is advised = 75 USD). Take into account relief activities, e.g. items distributed, and adjust the value of MPG.

Item	Unit	Quantity per HH of 5 per month	Price per unit	Total price per month
Rice	Kg	63	0.45	28.35
Dried pulses	Kg	14	1.4	18.90
Oil	L	4	1.28	4.80
Milk {cow/whole}	L	9	0.68	6.12
Leaves {Dark Green e.g. Spinach}	Kg	15	0.75	11.25
Salt {iodised}	Kg	1	0	0.00
Eggplant {Aubergine}	kg	7.5	0.35	2.63
Individual soap	Pcs	12	0.25	3.00
"Piyush" water guard liquid chlorine	Bottle	1	0.45	0.00
Water Container	Bottle	1	3.5	3.50
Bath soap	Bars	12	0.3	3.60
Laundry soap	Block	1	0.8	0.80
Sanitary Napkin	Piece	24	0.1	2.40
Transport	Lumpsum	1	2.5	2.50
Mobile phone top-up	Lumpsum	1	5	5.00
	Lumpsum	1	10	10.00
Inflation	Lumpsum (5% of total)	1	10	5.14
			<b>TOTAL US\$</b>	<b>107.99</b>
			<b>70% of MEB</b>	<b>75-US\$</b>

### Modalities

- The decision cash or in kind has to be made based on market conditions, delivery opportunities, beneficiary preference, risk analysis, cost efficiency
- Cash distribution modalities: directly cash-in-hand or through financial service providers/banks using branchless banking or mobile banking facilities
- Cash and/or food/item shall be provided on regular basis to allow households to plan (inform them on the instalments, take into account security and privacy)

<sup>2</sup> Based on Multi Purpose Grant Operational Guidelines\_v2\_17\_5\_2015 of Cash Coordination Group

- Gender equity and inclusion: understand who is benefitting and managing the resources and assure that the women's social roles and relations are not damaged by interventions

### **Roles**

- MPG shall be managed through VDC, following agreement from CDO or DDC. Agreement to be signed between humanitarian organisation and CDO, witnessed by respective VDC representative. Use assessment to justify the MPG approach.
- VDC will inform people, support safe and discrimination free implementation, assist humanitarian org. in monitoring and resolution of problems, report to CDO/DDC/gov (see below), support coordination with other programmes
- 

### **Accountability**

- Transparent recording of receipt needed, transmitted by VDC and humanitarian organisation to CDO and/or Government authority that requires this
- Establish accountability mechanisms, including complaints procedures (both men and women should staff the complaints section), e.g. VDC meetings, mobile phone complaints number, complaints boxes, community meetings. Keep record of complaints, inform VDCs and CDO/DDCs where necessary on grievances and resolutions.
- M&E on correct delivery but also on outcomes and impact. Include capacity of market players in monitoring.
- Effectiveness to be evaluated in participatory manner by all stakeholders prior to completion of programme (incl. household and market visits, discussions with VDCs, local implementing partners and financial service providers (if used))