

# Mercy Corps in Nepal

## Working for change that's community-led and market-driven

Mercy Corps started working in Nepal in 2005. Since then we have expanded our programs— in agriculture and food security, access to finance, Disaster Risk Reduction (DRR), climate change and youth engagement – to focus more closely on the needs of women and disadvantaged groups. Mercy Corps is working to help impoverished people by strengthening, protecting and expanding their access to productive livelihoods through programs that are led by communities and seeks to facilitate systemic change at the personal, community and market levels to reach the poorest of the poor and the most marginalized.

### The Challenge

Nepal remains one of the poorest countries in the world, with an estimated 25.2% (World Bank Nepal, 2010) of the population living below a national poverty line of \$0.25 per person/day. Among its active population, 77% work in the agricultural sector contributing 39% of the national GDP. Yet the poorest households are those headed by agricultural wage laborers, followed by farmers. Nepal remains a highly food-insecure country, with 49% of children under five chronically malnourished.

Only 23% of Nepal's rural population has access to even the most basic financial services. Many of these financial services are not invested in the country's most productive sectors, nor do they reach the poorest, most geographically isolated regions. Geology and climate make Nepal particularly susceptible to disasters, including floods, landslides, earthquakes, fire, drought and epidemics. It ranks 11<sup>th</sup> in global vulnerability to earthquakes and 30<sup>th</sup> in global vulnerability to floods. Increasingly, these risks are exacerbated by the impact of climate change.

Forty percent of the population is 10 to 25 years old. Many youth feel discouraged by insufficient education and employment opportunities, and lack the confidence they need to play productive leadership roles in their communities. Vulnerable youth are likely to migrate, participate in violent movements or simply become idle members of society. The challenges

facing more marginalized populations, particularly young women and girls, are especially acute.

In communities in the western Terai, issues of inclusivity and equity frequently manifest as conflict over natural resources— notably land, forests, and water—which form the foundation of most people's livelihoods. Recent field assessments show that most of these conflicts simmer at a stalemate, marked by the appearance of illegal settlements, double taxation by identity-based groups and local officials, theft of forest resources, destruction of crops and household property, occasional outbreaks of violence, and persistent exclusion of particular groups, leading to high levels of vulnerability and grievance. Minority groups, the poor people and landless populations tend to be excluded, while people who are relatively wealthy, belong to a majority group, or have political ties dominate local decision-making and access to resources.



Farmers treat ginger roots to prevent loss caused by Rhizome Rot. Photo: Jeffrey Shannon/Mercy Corps

## Agriculture and Economic Development

Since the livelihoods of the rural poor depend on local natural resource-based activities, we work with smallholder farmers to boost production, control plant disease, access markets and services and grade, process and collectively market commodities. We also help farmers, traders, wholesalers, exporters and civic and public sector actors gain better access to financial services and work together more efficiently to grow, market and sell high-value crops.

Currently, Mercy Corps is working to catalyze systemic changes in the ginger sub-sector that leads to improved market access and growth opportunities for smallholder farmers and small-scale entrepreneurs. The program is adopting the “Making Markets for the Poor” (M4P) approach that focuses on causes rather than symptoms. It is facilitative and seeks to create systemic change. The approach addresses the major systemic constraints around disease management and low cost storage existing within the ginger market system and brings about a change that will ultimately increase farmers’ income. Through this program, Mercy Corps is working with around 8,000 small-scale ginger farmers to increase their productivity and profitability. Mercy Corps also supports nationwide commodity associations to foster trade and access to services. We were instrumental in establishing the first-ever Large Cardamom Entrepreneurs Association (LECAN) and are working to strengthen the capacity of ginger trade associations as well as five district chambers of commerce. Through our efforts, farming families are earning more for their labor.

Mercy Corps is supporting the resolution of ongoing resource-based conflicts through multi-stakeholder dialogues that bring divided communities and government entities together to collaboratively develop resource use agreements that meet local needs while protecting the environment. Mercy Corps also promotes the sustainability of negotiated agreements by practically addressing economic and environmental drivers of resource-based conflicts, while helping build the capacity of community members and local institutions to participate in government decision-making and advocate for community priorities.

## Access to Finance

Mercy Corps is working with farmers groups, cooperatives, microfinance Institutions (MFIs) and other financial service providers to expand sustainable financial services to marginalized people living in remote areas. We’re focusing especially on the poorest of the poor, helping both prospective customers and service providers connect in sustainable ways.

In partnership with MFIs, cooperatives and farmers’ groups, Mercy Corps has connected 57,844 families with financial services, disbursed more than \$8 million in loans and mobilized \$996,000 in savings in the country’s Far Western and Eastern regions. We work with women to enhance their money management skills and enhance their household income through small business creation or expansion. Mercy Corps is also working to strengthen self-employment and safety net systems for informal sector workers in underserved communities by increasing their access to capital and helping them access social protection measures.



Flood risk is reduced by bio-engineered mitigation works, such as building bamboo spurs and locally selected plants to hold the riverbank in place. Photo: Nabin Lamichhane/Mercy Corps

## Disaster Risk Reduction and Climate Change

Nepal has a long history of natural disasters based calamities, including floods and landslides, which destroy houses, farmland and livelihoods. We help communities minimize their vulnerabilities by organizing community-based DRR measures. These include forming disaster preparedness committees, improving residents' knowledge and resources so they're better prepared for disasters, while also supporting the development and strengthening of early warning systems and the community-based building of small-scale mitigation measures.

Recognizing the vulnerability of children during times of disaster, as well as the role youth can play in reducing risk, Mercy Corps is partnering with 75 schools to involve young people in disaster risk reduction. When an emergency overwhelms local responders, Mercy Corps provides support to disaster relief services. Through one of our newer programs, Mercy Corps is working to develop an effective and sustainable model for DRR in vulnerable communities of Nepal, providing 15,000 households with a more sustainable approach that links DRR to economic security. Traditional approaches to DRR have proven effective at saving lives, but are less effective at mitigating the economic impact of disasters and are rarely tied to strategies to build economic security and increase incomes. The program will build a model that addresses risk reduction together with economic development to promote economic security.

## Responding to Emergencies

Not only does Mercy Corps help communities prepare for natural disasters, we respond to them. In June 2013, Nepal's western region experienced the worst flooding in a decade. Mercy Corps is working with Xylem Inc. to rush emergency relief items such as sanitation and hygiene kits to 1,625 people in the flood affected communities in Far Western Nepal. We recently pilot tested a mobile-based voucher system to aid beneficiaries quickly and seamlessly in times of emergency. This method will help reach people in crisis faster than the traditional mechanical distribution of paper vouchers as well as provide a more secure way to transfer funds.



Nepali school children are trained in First Aid techniques during a Disaster Risk Reduction program. Photo: Jeffrey Shannon/Mercy Corps

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