

# Effectiveness of Reconstruction Aid in Nepal



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## Executive Summary

This report brings forth the critical analysis of the post-earthquake reconstruction aid and its effectiveness to address the needs and expectations of earthquake affected people. It additionally highlights efforts and progresses made to rebuild quake-destroyed infrastructures and houses by assessing the role of the government, international community, non-government and private sectors in response to earthquake. Analysed mainly the secondary source of information, the collected facts and figures have been substantiated and validated through some selective and content as well as context based interviews/interactions with concerned stakeholders.

Government, I/NGOs and international aid groups have been involved in post-earthquake reconstruction soon after the devastation. Both the government and international donors pledged various schemes for earthquake survivors while I/NGOs themselves got involved in rebuilding quake-destroyed infrastructures or mobilized local NGOs.

Reconstruction through aid effectiveness is mandated by Paris Principle (2005) and its follow up called ACCRA Agenda which sought responsibility of developed and developing countries for delivering and managing aid by creating ownership, alignment, harmonisation, being result oriented and mutual accountability. The ACCRA Agenda (2008) furthermore highlighted country ownership, building more effective

and inclusive partnerships and achieving development results – and openly accounting for them.

The International Conference on Nepal's Reconstruction (ICNR) on June 25, 2015 identified the need of preliminary USD 6.7 billion for reconstruction. Out of it, USD 4.6 billion was harnessed by international community. Some donors like China, UK, USA, Germany, ADB and other organizations have signed the agreement as part of providing pledged money. However, India the main donor is yet to sign it. Several factors are responsible to this bitter fact such as political parties' wrangling on appointing Chief Executive Officer (CEO), lack of concrete follow up with visible and strong plan with the donors, frequent changes and unnecessary reshufflings of the government. Furthermore, the reconstruction effort failed to make a strong lobby and follow up to harness international support and provide timely housing grants to earthquake survivors despite its ideal commitment. An irony is clearly seen where billions of money remained unspent in each fiscal year and some earthquake survivors are yet to get first tranche of housing grant while very few households have received full grants.

Grant distribution process is complex, banking process was made very clumsy, complaint hearing mechanism was not robust and satisfactory to the survivors filing cases. This all shows lack of proper investigation capacity within NRA

to deal with the genuine complaints by maintaining standard norms. Reconstruction of the public institutions and historic heritages also remained incomplete. To the frontline of them are the historic Dharahara and Ranipokhari and several others.

Several factors are responsible for the lack of effective aid flow through NRA. Frequent changes in government leadership have also affected post-earthquake reconstruction. Each government hardly completes one-year. This has also affected functioning of the reconstruction authority as priorities of each new government differ from previous ones. Yet, the NRA lacks full authority to implement its decision. It has to fully rely on other line ministries. The bureaucratic hurdles within the ministries have further complicated the reconstruction process.

Despite huge money pledged by international community and two-and-half years elapsed since the devastation most earthquake survivors are taking shelter under tent for months. As part of rebuilding quake-destroyed houses and infrastructures, the government allocates billions of money in each fiscal year. The allocated budget, however, was never fully utilized.

Quake-survivors are not in a position to rebuild houses right now arguing that housing reconstruction grant is too little. The pledged money remains unspent so far at a time when

thousands of quake survivors are living under temporary shelters.

Twenty-four I/NGOs were found pledged to spend 44.88 billion rupees for constructing 21,000 houses, health offices and schools in earthquake-affected districts<sup>1</sup>. As of now 5992 houses have been constructed in quake-affected districts. The pace of I/NGOs involved in housing reconstruction is also not up to expectation of the survivors. They are also struggling to meet their own targets. Some private sector initiative like Dhrumus Suntali Foundation is the examples to cite here while some others have yet to implement their commitment such as Chaudhary Foundation.

### Recommendations:

#### To the Government/NRA

- Facilitating as a bridge to maintain diplomatic relation and make a continuous follow up with the international community for channelizing pledged fund for the sake of the earthquake survivors and reconstruction of public institutions.
- Frequent public audits among the stakeholders in quake hit areas/districts focusing progresses made, problems faced and coordination issues and areas sought by the authority.
- Housing grants for earthquake survivors should be ensured without further delay so that they could begin long-delayed housing reconstruction.

- As a long term strategy to make the NRA a powerful body with constitutional capacity and for the immediate cause, to implement reconstruction projects by creating momentum in coordination with line ministries.
- Line ministries to prioritise reconstruction works without compromising and not taking it as a burden.
- Local levels through elected peoples' representatives to take up the reconstruction issues in their policies and programmes with utmost priority. Their role is vital in verification of earthquake survivors by establishing a separate unit on complain hearing and assuring justice for the genuine survivors.
- Ensure knowledgeable expertise and trained technicians at the local level for reconstruction works.
- Ensure dignified life of the survivors addressing their problems.
- For this all, the much awaited and long-pending Disaster Management Bill is endorsed and its full implementation plan needs to be made public at the earliest.

#### To the Political parties

- Political commitment for powerful autonomous National Reconstruction Authority and end politicization on reconstruction works. Political parties should led the reconstruction initiative together with multistakeholders for integrated reconstruction campaign.

<sup>1</sup> Interview with Bishnu Poudel, an official at Policy Monitoring and Development Cooperation Coordination Section under the NRA in an interview.

- Political negotiation with the international community including India and other donors to sign the aid agreement as committed in the ICNR and explore other possible options to ensure adequate fund for reconstruction.
  - Creating motivation among the survivors for the need of maintaining standard indicated by the government in reconstructing their house and involve in regular campaign to make reconstruction a priority of all.
- must assure survivors through exemplifying initiatives how the reconstruction is possible in stipulated time.
- Providing technical assistance in their working areas through skill based trainings in accordance with the standard set by the Authority. This will help them to reconstruct houses and get the government announced grants in time.

### **To non-government and private sector**

Translating commitment into practice by maintaining transparency and governance in reconstruction activities. Their contribution made in the field of reconstruction and lapses should be publicized among survivors. Also, the Authority

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## SECTION 1 Introduction

### 1.1 Background

The devastating earthquake occurred on 25 April 2015 claimed the lives of nearly 9,000 people inhabiting mainly in the mid-hills of Nepal. Struck with the epicentre located 81 kilometres northwest of the capital city of Kathmandu, Barpak, Gorkha district, more than 22,000 people caused injury collapsing more than half a million houses (NRA, 2017)<sup>2</sup>. The devastation ruined hundreds of historical and cultural monuments, schools and health posts. Rural areas were affected more as compared to the cities because of poor construction quality, traditional inhabiting structures and topographical landscape. In the most affected 15 districts<sup>3</sup>, key infrastructures - including schools, health facilities, roads, temples and heritage sites - have been damaged losing over 1,000 health facilities including primary health care centres, village health posts and birthing centres. Similarly, the country lost about half of the monuments of immense historical, cultural and archaeological significance were destroyed (NPC, 2015).

The Post Disaster Needs Assessment (PDNA) conducted by the National Planning Commission (NPC) through a task team including the specialists in the field has made a rigorous work on damage and loss of physical properties, or hardware aspect using internationally approved standard disaster and loss

assessment (DaLA) methodology (World Bank, 2011). According to the report, hundreds of historical and cultural monuments and century old archaeological sites were either destroyed or extensively damaged. Whatever houses, the monuments or the cultural heritages were damaged, they did not have any seismic-resistant features or were not built in accordance with the building codes (NPC, 2015). The report is, however, almost untouched on the software side-social, cultural, and humanitarian welfare as critiqued by CDPS, 2016 which said the PDNA,

*...did not, however, place much focus on understanding the socio-demographic impacts of earthquake, that is, how households and communities were affected, what the local capacity for response is, and how recovery and reconstruction efforts can be made more responsive. It also did not assess the harm to socio-demographic aspects of the human population, including impacts on the cultural diversity of households or on population dynamics, including fertility, mortality, migration, size, composition and distribution, all of which are the cornerstones of successful recovery, rehabilitation, resettlement and reconstruction (CDPS, 2016).*

### 1.2 Rationale and Scope of Aid Effectiveness

Consequent to the devastation, the government, within hours, made an official request for the national and international assistance. Nepal Army, Nepal Police and Armed Police Force (APF) carried out effective search and rescue operations. Apart from the government, non-governmental international and local organisations ((I/NGOs) as well as organizations dedicated to humanitarian support and the private sectors were quick

<sup>2</sup> Government of Nepal, Disaster Risk Reduction Portal. <http://dirportal.gov.np/>.

<sup>3</sup> A total of 31 of Nepal's 75 districts were affected by the earthquake according to the CDPS (2016). Fourteen of them were designated as most affected districts by the government. Once designation like this, both the government and non-government sectors' relief, rehabilitation, recovery and reconstruction were centralized in these 14 districts: Gorkha, Dhading, Nuwakot, Rasuwa, Sindhupalchowk, Dolakha, Ramechhap, Kavrepalanchowk, Okhaldhunga, Makawanpur, Sindhuli, Kathmandu, Bhaktapur and Lalitpur. In fact Nepal Reconstruction Authority (NRA) had recommended 15 districts, that is, including Lamjung district as well. For further detail, See <https://thehimalayantimes.com/kathmandu/reconstruction-authority-recommends-govt-to-include-31-districts-in-its-scope-of-work/> for the categorization of the districts affected by the earthquake.

to provide essential daily needs among the severely affected communities in the quake hit areas. Several national and international volunteer groups and youths were self-mobilized in the treatment of injured, setting up temporary shelters, and supplying foods and non-food items, although these supports were limited with trained human resource and available equipment.

Several meetings with donor communities were convened to seek international assistance for search, rescue and immediate relief operations. One of them, much quoted, in the national and international fora is the International Conference on Nepal's Reconstruction (ICNR 2015) held on 25 June 2015.

Although the rescue operation as a whole was praised, the reconstruction was/is remained challenging. Since local bodies were running without elected people's representatives since last one and half a decade and the offices had to be run by the overloaded secretaries of the then village development committees (VDCs) and municipalities, the challenge was adding day by day. On the one hand, lack of trained human resource on the relief distribution initially and reconstruction lately became the challenge for the government, on the other number of human resource for the fair involvement on disaster response was severely felt in the beginning phase of the reconstruction. In absence of political authority at local level, the measures against post disaster initiative for rescue, relief, and reconstruction activities had to depend on a coordinated effort of all the stakeholders, that are, political parties at large which

is virtually a disguised authority in such a herculean task.

Amid the debate and discussion who to lead reconstruction, a separate body, National Reconstruction Authority (NRA), was established on 25 December 2015 as a separate entity. The tenure of the NRA was fixed for five years indicating completion of Nepal's Reconstruction due to earthquake devastation. The responsibility was to lead and manage reconstruction and recovery of the earthquake with the aim of completing post-earthquake reconstruction by channelizing fund allocated by the government and international donors. As a first and foremost task, the NRA formulated a Post Disaster Recovery Framework (PDRF) (2016-2020) on the basis of PDNA. It was expected that formation of the Authority would expedite the reconstruction process and infrastructures and houses destroyed in the earthquake would be constructed in time. But more than two-and-half years elapsed since the devastation post-earthquake reconstruction works are not up to the people's expectations.

Despite delay, the reconstruction process is taking its course. International community has pledged for necessary aids to support reconstruction process. Government of Nepal has allocated a good sum of national budget for reconstruction works. Civil society organizations including Humanitarian Accountability Monitoring Initiative (HAMI) are supporting the government by bringing the community voices to the discussion with policy makers and thereby urging them for people-centred, inclusive, transparent and community owned reconstruction

process. Progress has been made but it is still below the expectation. Earthquake affected people are of the view that they are not getting the reconstruction grants timely as expected and pledged by the donors. A number of bottlenecks can be held responsible to expedite the reconstruction work. However, the role of the international community needs to be properly analysed, particularly, channellisation of funds they committed, particularly, its availability to the government, distribution plan and policies and status at the recipient level. This study, undertaken by HAMI, is devoted to take up the question connected with Nepal's reconstruction in light of aid effectiveness.

### **1.3 Objective of the Study**

The main objective of this study is to critically analyse the post-earthquake reconstruction aid and its effectiveness to address the needs and expectations of earthquake affected people.

### **1.4 Methodology**

The analysis is basically relied on the secondary source of information, that are reviews of both research based literature as well as and policies, programmes and guidelines developed for the reconstruction mission. In order to substantiate and validate the information collected through a range of secondary sources, some selective and content as well as context based interviews/interactions were conducted with concerned stakeholders. Such primary level information was obtained mainly to find out the real scenario and status of aid flow for Nepal's reconstruction.

## SECTION 2

### Aid Effectiveness of Reconstruction: A Policy Review and Reality

Development assistance is a process to stimulate economic growth in the developing world. How to establish the link between aid and growth is the tension of the scholars in the related field. Despite significant volume of contribution of development assistance, particularly during disaster, effectiveness of such aid flow is curiosity at hand. Although, the history of development assistance does not go beyond 50 years globally, the facts and figures on the effectiveness part is the major gap. Sectoral analysis of aid flow and its effectiveness is the growing concern which this review is committed, that is, to dig out the aid flow policy review and the reality in the case of Nepal's reconstruction as a disaster response.

#### 2.1 Aid Effectiveness Principle: Global obligations

One of the major principles set forth in this regard is the Paris Declaration on Aid Effectiveness Ownership, Harmonisation, Alignment, Results and Mutual Accountability (OECD 2005). Ministers of both developed and developing countries responsible for promoting development and heads of multilateral and bilateral development institutions, met in Paris on 2 March 2005 to resolve to take far-reaching and monitorable actions to reform the ways they delivered and managed aid. The Paris Declaration on Aid Effectiveness looks at the responsibility of developed and developing countries for delivering

and managing aid in terms of five principles:

- Ownership: Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions
- Alignment: Donors base their overall support on partner countries' national development strategies, institutions and procedures
- Harmonisation: Donors' actions are more harmonized, transparent and collectively effective
- Managing for Results: Managing resources and improving decision-making for results
- Mutual Accountability: Donors and partners are accountable for development results

The Paris Declaration on Aid Effectiveness has included a point on disaster response under the separate bullet point "Adapt and apply to differing country situations" as No.7. It says,

*Enhancing the effectiveness of aid is also necessary in challenging and complex situations, such as the tsunami disaster that struck countries of the Indian Ocean rim on 26 December 2004. In such situations, worldwide humanitarian and development assistance must be harmonized within the growth and poverty reduction agendas of partner countries. In fragile states, as we support state-building and delivery of basic services, we will ensure that the principles of harmonization, alignment and*

*managing for results are adapted to environments of weak governance and capacity. Overall, we will give increased attention to such complex situations as we work toward greater aid effectiveness.*

Similarly, ministers of developing and donor countries responsible for promoting development and heads of multilateral and bilateral development institutions gathered in Accra, Ghana, on 4 September 2008 to accelerate and deepen implementation of the Paris Declaration on Aid Effectiveness (OECD, 2008). This meeting, a review of Paris Principle, closely reviewed the aid flow and its effectiveness and concluded that there has been a progress in poverty alleviation in the developing world, however, the speed is slow. This meeting identified three major challenges to accelerate progress on aid effectiveness:

- Country ownership is key
- Building more effective and inclusive partnerships
- Achieving development results – and openly accounting for them

## 2.2 Reconstruction Aid in Nepal: Commitment versus Reality

Nepal government hosted the International Conference on Nepal’s Reconstruction (ICNR) on June 25, 2015 after it concluded that domestic resources might not be enough to rebuild houses and infrastructures destroyed in the earthquake. International donors were called at the donor’s conference to seek their commitment to contribute the reconstruction. At the conference, both the bilateral and multi-lateral donors,

immediate neighbours of Nepal—India and China—and other organizations expressed solidarity to earthquake reconstruction and pledged their support to make reconstruction a success. In this meeting the government put the figures as preliminary need of USD 6.7 billion for reconstruction. Represented by various delegates such as Foreign Minister of India, the delegates pledged assistance on their behalf as shown in Table 1. Out of total amount the government presented among donors, the bilateral agencies pledged USD 2.9 billion, of which the highest was of India (1,400 million USD) followed by China (767 Million USD). Similarly, the multilateral agencies like World Bank, Asian Development Bank and International Monitoring Fund (IMF) pledged 1150 Million USD (Table 1).

Some donors like China, UK, USA, Germany, ADB and other organizations have signed the agreement as part of providing pledged money. However India, one of largest donors committing promised \$1 billion dollar aid (650,000,000 grant and 750,000,000 loan) for Nepal’s reconstruction, is yet to sign it.

The NRA had planned to spend India promised grant money for rebuilding school (NPR 5 billion), health post (NPR 5 billion) and cultural heritage (NPR 5 billion) and private housing reconstruction (NPR 10 billion). In addition to this, NRA had planned to spend Indian loan for school reconstruction (NPR 20 billion), private house (NPR 30 billion), cultural heritage (NPR 15 billion) and community building (NPR 5 billion) (NRA, 2015). But the Authority is facing huge financial gap for rebuilding quake damaged houses and infrastructures, is in a fix on how to expedite reconstruction works.

*Table 1: Commitment for Nepal’s Reconstruction as Expressed by Participating Donors, ICNR, 2015 (in millions of US dollars)*

Donors	Loans	Grants	Total
<b>1. Bilateral</b>	<b>9 58</b>	<b>1,971</b>	<b>2 ,929</b>
China	...	767	767
EU	...	117	117
India	750	650	1,400
Japan	2 08	52	260
UK	...	1 10	110
US	...	1 30	130
Others	...	145	145
<b>2. Multilateral</b>	<b>1 ,130</b>	<b>20</b>	<b>1,150</b>
ADB	5 80	20	600
WB	5 00	...	500
IMF	5 0	...	50
Total	2,088	1,992	4,079

Source: IMF (2015)

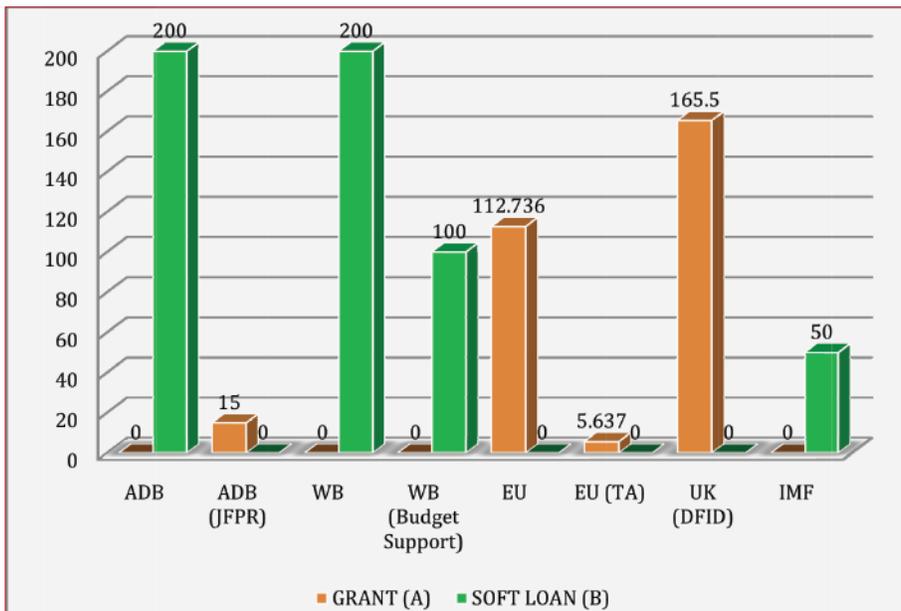


Figure 1: Agreement Amount (US Dollar in Millions) from Agencies

Several factors are held responsible to this bitter fact. Because of political parties' wrangling from the very beginning on appointing Chief Executive Officer (CEO) of the NRA, it could not make a concrete follow up with visible and strong plan with the donors Just ahead of ICNR, the then government had appointed NRA's Chief Executive Officer (CEO) by introducing an ordinance. His appointment could not be endorsed by the Parliament within 60 days of promulgating the ordinance as stated in the law. Thereby, entire post-earthquake reconstruction process went to hibernation. Major political parties, which were at the loggerhead from very beginning of its conceptual discussion over whom to appoint CEO of the NRA, made chief executive appointment as prestige issue. This delayed to begin reconstruction works.

Soon after the government was changed, NRA act was promulgated by the parliament paving a way to appoint new NRA CEO. This step decreased the height of the NRA from the expected constituent body to a normal authority run by the cabinet. The then government appointed another CEO, by the time, more than eight months had already elapsed. Despite getting appointed as reconstruction chief, the new CEO was not in a position to focus on reconstruction works immediately as expected by the general public as the policies and plans were different. The earlier CEO had to conduct a detailed damage assessment to get exact number of earthquake survivors. It took months to complete the assessment and earthquake survivors rendered homeless continued to stay under makeshift tents risking their lives. The task of identifying earthquake survivors has not yet been completed.

Next time the government was changed again and the new government forced the second CEO to resign citing 'poor performance' in accelerating post-earthquake reconstruction government and re-appointed the first

CEO as new NRA chief again. This was the bitterest experience faced by the earthquake survivors and observed by the stakeholders in bewilderment.

Due to, thus, unexpected politicisation in NRA, the reconstruction effort failed to make a strong lobby and follow up to harness international support and provide timely housing grants to earthquake survivors despite its ideal commitment. While billions of money remained unspent in each fiscal year some earthquake survivors are yet to get first tranche of housing grant while very few households have received full grants.

Consequently, the reconstruction process slowed down. Out of the government surveyed 996162 households, 767705 were identified eligible for housing grants, 24991 houses to have retrofitting and as many as 640809 houses were made contract for the housing grant. The number of households to receiving first tranche/installment is 620646, whereas only 80441 households have received the second instalment of the government's grant and not more than 9,000 households have received the third instalment. The government data further reveals 66595 houses have been reconstructed so far and 152935 thousands are under construction. This data of progress is much less compared to the number of affected households, that is, 996162. The National Reconstruction Authority (NRA) has also reported data related to grievance management. Accordingly, total grievance registered is 205634. Almost of them have been reported to have made revision by the government.

Similarly, only 111000 households have applied for second tranche of housing reconstruction while 100377 applicants are certified as eligible household for the second round of grant (Table 2).

*Table 2: Progress on Reconstruction: The Database*

<b>Private Housing Grant Distribution</b>	<b>No.</b>
Household Surveyed	996162
Eligible for Housing Grants	767705
Retrofitting Beneficiaries Identified	24991
Agreement Signed with Beneficiaries	641310
First Tranche Received	620646
<b>Private Housing Reconstruction (Latest Update)</b>	
Houses Under Construction	152935
Houses Constructed	66595
Second Tranche Applicants	111000
Approved Second Tranche beneficiaries	100377
Third Tranche Applicants	27128
Approved 3rd tranche beneficiaries	20412
<b>Grievance Management</b>	
Total Grievance Registered	205634
Total Grievance Reviewed	205584
Grievance Redressed	205584
<b>Human Resource</b>	
Short Term Training	32479
On the Job Training	13645
<b>Government Building Reconstruction</b>	
Under Construction	128
Completed	98
<b>Educational Institution Reconstruction</b>	
Under Construction	1286
Completed	2456
<b>Cultural Heritage Reconstruction</b>	
Under Construction	111
Completed	61
<b>Health Center Reconstruction</b>	
Under Construction	119
Completed	252
<b>Community Shelter Reconstruction</b>	
Under Construction	N/A
Completed	129
<b>Drinking Water Infrastructure Reconstruction</b>	
Under Construction	965
Completed	904

Source: <http://nra.gov.np/mapdistrict/datavisualization>.

Grant distribution process is complex. Reconstruction law has a provision to provide first tranche of housing grant once they are recognized as earthquake survivors. Earthquake survivors get second tranche when foundation of houses are laid and engineers deployed to the ground certifies that the foundation of house is earthquake resilient while they receive third tranche after technicians certify that the houses are rebuild as per government set standard.

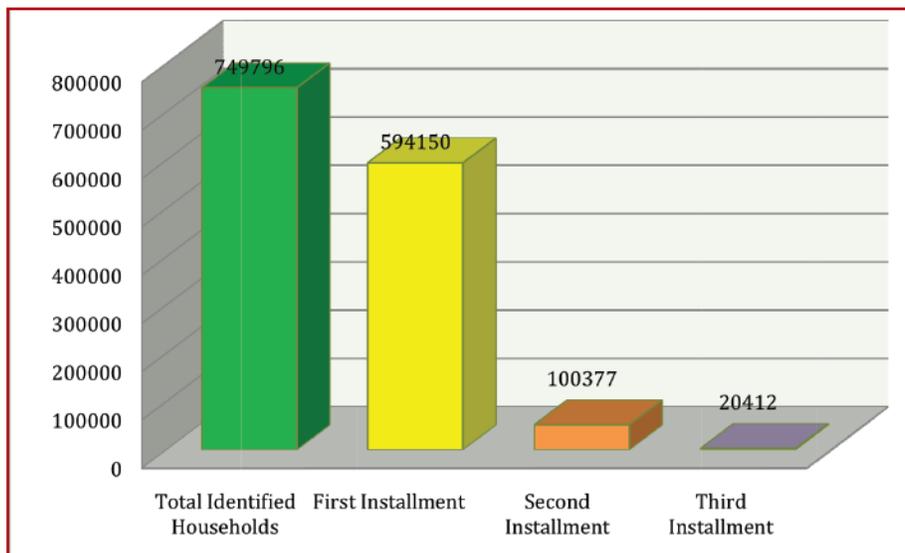


Figure 2: Status of Compensation Distribution by NRA (in Number)

Like housing reconstruction other infrastructures destroyed in earthquake have also are not up to the peoples' expectations.

Additionally, the government pledged subsidized loan of maximum NPR 2.5 million for a household considering that mere housing grant would be inadequate for completing reconstruction.

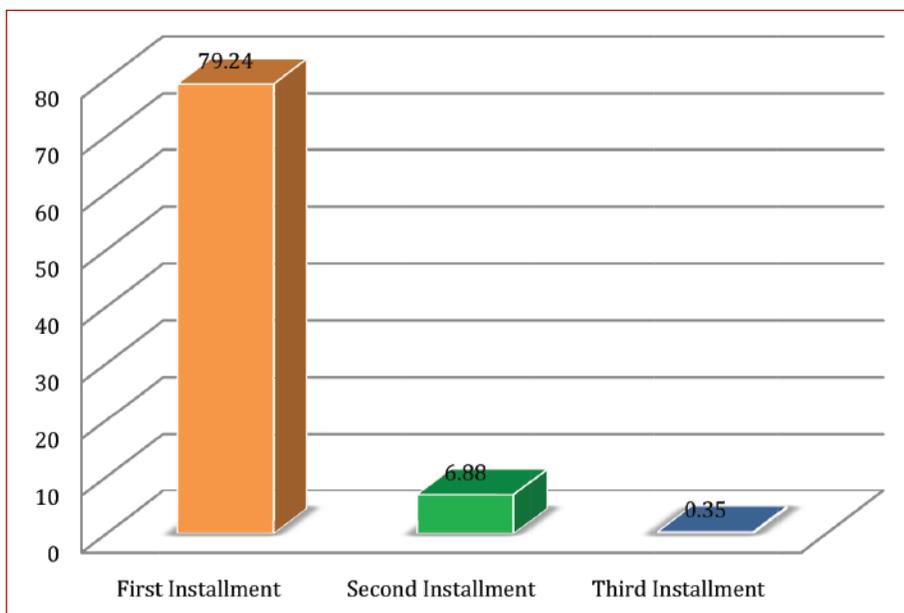


Figure 3: Status of Compensation Distribution by NRA (%) (Total Identified Households: 749796)

But very nominal people have approached before the state-owned banks, as payback period is very short. Banks have issued only around NPR 780 million in the one and half years since subsidized loan scheme was launched (Acharya, 2017). Loan is for a year and it needs to be renewed

after one year. If the borrower fails to repay the loan after two years, he or she will be charged the prevailing home loan rate of the respective banks.

### 2.3 Support to Affected Communities, Complaints and Relocation Issues

Initially, the government announced to provide NPR 15,000 as assistance for immediate relief and rescue of the affected households. Then, for reconstruction of the households, NPR 200,000 was announced for each household rendered homeless in the earthquake. Later, NPR 100,000 was added to this amount and total amount of assistance reached NPR 300,000. In addition to this, the government announced to provide subsidized loan of maximum NPR 2.5 million for a household considering that mere housing grant would be inadequate for completing reconstruction.

According to NRA, as many as 207,800 complaints are registered demanding beneficiaries' list. Of the total complaints, 35,000 additional households are recognized as earthquake survivors while others are rejected. It seems this is likely to invite serious complication. Complaints are still coming from the ground. NRA has said that now it will not register complications but will mandate the chiefs of local units in the context of newly elected peoples' representatives taking place in all earthquake-ravaged districts. This shows lack of proper investigation capacity within NRA to deal with the genuine complaints by maintaining standard norms.

A total of 662 areas have been identified as to be relocated as per the geo-physical study conducted by the NRA. Out of them, 136 areas need to be relocated immediately. Ministry of Urban Development (MUD) has conducted detail study on 56 of them whereas NRA has conducted on five of them. Nevertheless, none of the areas have been relocated so far (Figure 4).

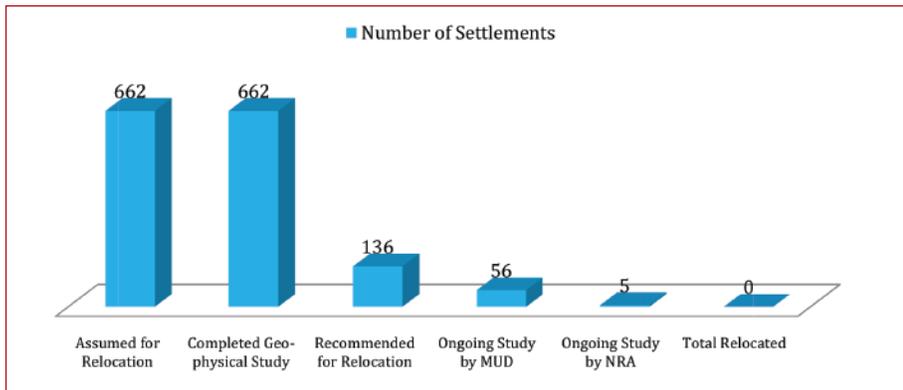


Figure 4: Status of Relocation of Vulnerable Settlement

NRA blames contractors' delaying in completing reconstruction projects, unavailability of construction materials and delay in finalizing designs of project and awarding them to contractors as major reasons behind slow place reconstruction. Reconstruction of private housing also could not get momentum, as bureaucratic hassles unexpectedly slowed housing grant distribution. Lack of human resources, delay in endorsing housing design and awarding contractors are blamed behind slow-paced reconstruction.

NRA officials also admit that the housing reconstruction is not taking pace as expected as they fail to distribute housing grant to the earthquake survivors. In some cases, there is mismatch regarding sources of budget while delay in releasing budget in context of expiry of fiscal year is also affecting timely housing reconstruction. NRA CEO Govinda Raj Pokharel said in an interview:

*It was easy to identify earthquake survivors and provide first instalment of housing reconstruction. But many people still have not begun works while some have not approached to us to collect second tranche of housing reconstruction as their newly built houses don't meet set standard.*

## 2.4 Reconstruction Politics in Public Sector

Disaster management issues are divided into two parts (Arya, 2003): mitigation, which includes risk analysis, prevention and preparedness, and response, which includes search and rescue, humanitarian assistance, and rehabilitation and reconstruction). Examining each component in more detail, reveals that risk analysis includes hazard and vulnerability assessment and risk assessment, prevention includes both structural and non-structural measures; and preparedness includes warning, planning, and policy. All these elements are included in a cyclic process popularly

known as the disaster cycle. The disaster management policies observed in many countries, including the Nepal Disaster Response Plan of 2001, focus mainly on physical vulnerabilities; social vulnerabilities are often missing. Consequently, the reconstruction plans implemented after a major disaster also focus mostly on physical recovery and the more visible physical impacts of that disaster and often ignore social recovery (CDPS, 2016).

Recent post-earthquake reconstruction process, according to the experts is slower compared to the past. Despite lack of modern technology, resources and knowledge, the reconstruction after 1890's earthquake in Nepal was completed within seven months although 70 percent of houses were destroyed at that time.

Like failing to utilize total budget allocated for post-earthquake reconstruction, the government announced projects are also in limbo. *Ma banauchhu mero Dharhara'* (I will construct my Dharhara) is the perfect example to cite here on how government is neglecting to implement its own decision. In February 2016, the government announced 'I will construct my Dharhara' amid a grand function. The then prime minister KP Sharma Oli provided his one month salary to rebuild iconic Dharhara on government's own and called on general public to make similar contribution.

The iconic monument, which was built in 1832 on the order of queen, was destroyed in the powerful

earthquake. Originally Dharahara, also known as Bhimsen Tower, was 11-storied before 1934's. The earthquake destroyed it and it was reduced to 9-storied. Lately, this historic monument was re-opened for general public and visitors could ascend the tower to view Kathmandu. But it was fully destroyed in the earthquake killing over a dozen people at the site.

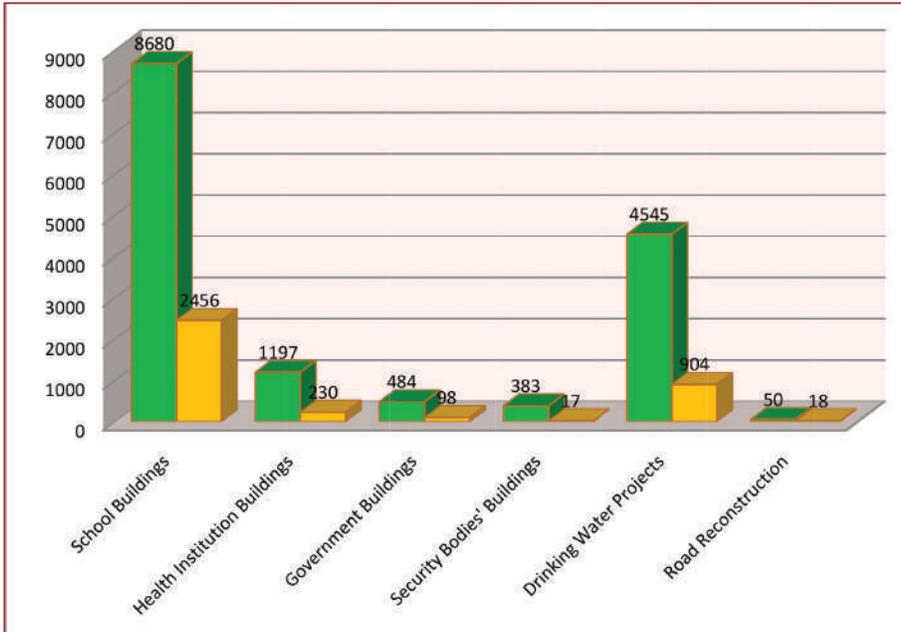


Figure 5: Reconstruction Progress Update

Many Nepalese take Dharahara (Bhimsen Tower) as a symbol of Kathmandu. Keeping its importance and historic values in mind the then prime minister KP Sharma Oli inaugurated the reconstruction process of Dharahara. Over 90 million rupees have been collected for its reconstruction. But the reconstruction of the iconic tower is yet to begin.

Recently, Nepal Telecom, the state-own telecommunication company, has proposed to rebuild the monuments. The deal, however, has not yet been sealed after the company demanded that company be let to use Dharahara premises for next 30 years for business purposes.

Rani Pokhari is another example. In January 2016, President Bidhya Bhandari inaugurated the reconstruction works of Rani Pokhari by laying foundation of a temple amid a grand function. The actual reconstruction of the important cultural heritage site is yet to begun. Before starting the reconstruction works of the Balgopaleshwar temple and other infrastructures over 63 ropanis of land officials are now removing mud from the pond. Removal of the mud is expected to complete within monsoon. Thereby, actual reconstruction work will begin.

Similarly, housing reconstruction campaign inaugurated in Barpak, the epicentre of the earthquake is yet to be materialized. Locals are still

deprived of getting housing grants. Frustrated with the sluggish post-earthquake reconstruction some households have already built houses while poor people are still waiting government grant.

## 2.4 Factors Responsible for Effective AID Flow

Several factors are responsible for the lack of effective aid flow through NRA. The government decisions are not acted in time. Frequent changes in government leadership have also affected post-earthquake reconstruction. Each government hardly completes one-year term in the office due to growing political instability. This has also affected functioning of the reconstruction authority as priorities of each new government differ from previous one. Yet, the NRA lacks full authority to implement its decision. It has to fully rely on other line ministries. The bureaucratic hurdles within the ministries have further complicated the reconstruction process.

Government's several decisions and announcements made for post-earthquake reconstruction are left implemented. Apart from announcing housing reconstruction aid and subsidized loan schemes among others the head of the government had inaugurated various reconstruction project as part of beginning post-reconstruction projects. Unfortunately, actual reconstruction of these projects is yet to begin. Instead, business firms are clashing on how to hold space of historic sites and make institutional profit in the name of rebuilding quake-destroyed monuments.

Despite huge money pledged by international community and two-and-half years elapsed since the devastation most earthquake survivors are taking shelter under tent for months. As part of rebuilding quake-destroyed houses and infrastructures, the government allocates billions of money in each fiscal year. The allocated budget, however, was never fully utilized.

More than 27 billion remain unspent in fiscal year 2073-74 (2016/17) as the NRA could not spend the budget allocated for reconstruction purposes. The Authority was mandated to spend NPR 76 billion for fiscal year 2073-04 (2016/17) but it was successful to channelize only 49 billion until end of mid-July, the end of fiscal year. Of the total expenditure NPR 35 billion was spent under housing reconstruction said NRA Spokesperson Yam Lal Bhoosal

## 2.5 Reality of Aid Effectiveness: A Case to Cite

Quake-survivors say they are not in a position to rebuild houses right now arguing that housing reconstruction grant is too little and the provision of providing it in phase are put them in a fix. Interviewed earthquake survivors in Sidhupalchowk said they have already spent grant without laying foundations of houses. The grant, according to them, was distributed just before of Dashain and Tihar and they spent it celebrating the festivals. They spent money, as they believe the money is not adequate to rebuild quake-destroyed houses.

*“We spent nearly NPR 2,400,000 to build two-storied building but the government has not given us anything than first tranche. We borrowed loan from local bank and relatives and built house on our own,” said Sarbe Tamang of Chautara, Kavre.*

His houses’ foundation stone was laid by the then PM KP Oli as a part of beginning housing reconstruction in earthquake-hit areas. But the family is yet to shift to home from the makeshift house. “Finishing of the house is yet to be completed,” said Sarbe. Sarbe, a bus driver, has borrowed over NPR20, 000 from local bank following municipality asked the former to arrange money for rebuilding house inaugurated as a part of housing grant. Other survivors are yet to begin housing reconstruction although they receive NPR 50,000 as first tranche.

## 2.6 Sectoral Funding Gap

Initially, it was expected that reconstruction cost will stand around NPR 938 billion to complete post-disaster reconstruction works. Thirty-four international donors had pledged \$4.1 billion to rebuild houses and infrastructures destroyed in the earthquake and government

though its can arrange rest of the money through its annual budget programs. But the number of affected households increased and government increased housing reconstruction aid. Further, inflation also made the reconstruction works costlier. This is increased funding gap.

The NRA is consulting with international donors i.e. ADB and JICA in view of arranging inadequate budget but it is not clear whether the donors, which had already contributed for rebuilding quake damaged houses and infrastructures in Nepal. According to government officials, post-earthquake reconstruction works are being costlier as estimated by the government because both the administrative cost and grant for earthquake reconstruction has increased significantly as the reconstruction process turned sluggish.

The pledged money remains unspent so far at a time when thousands of quake survivors are taking shelter under temporary shelters as justified by Figure 6.

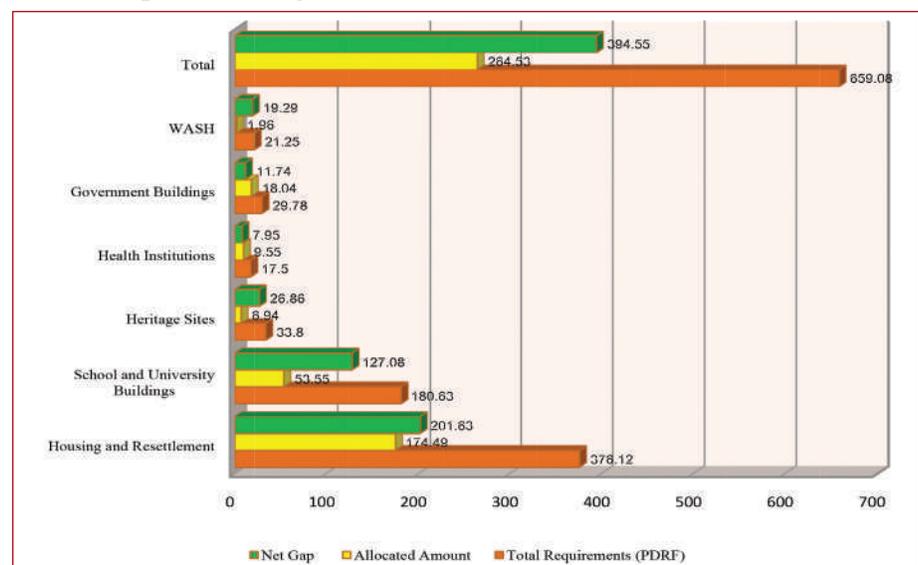


Figure 6: Funding Gap across Major Sectors (in NPR. Billion)

Source: NRA (2017).

## 2.7 Initiatives from Non-government Sector

According to the NRA Officials, a total of 24 INGOs pledged to spend 44.88 billion rupees for constructing 21,000 houses, health offices and schools in earthquake-affected districts<sup>4</sup>. As of now 5992 houses have been constructed in quake-affected districts.

The pace of I/NGOs involved in housing reconstruction is also not so faster than the government. They are also struggling to meet their own targets. For example Malteser International, which had received approval letter of constructing 255 houses in Panchakanya Rural Municipality of Nuwakot has constructed only 17 houses. World Renew had pledged to rebuild 285 houses in Manakamana of Nuwakot. So far, it has constructed 103 houses.

Similarly, Helvetas, which had planned to construct 912 houses in Dabachaur, Helambu, Ichok, Kiwool, Mahankal, Melamchi and Palchowk of Sindhupalchok has succeeded to construct only 242 houses. (See details of progress made by I/NGOs in reconstruction.) By going through the details of I/NGOs involved in housing reconstruction are far behind in terms of implementing their targets.

Some INGOs have funded local partners while some are engaged in reconstruction on their own. Some of the organizations have been found reducing the number of houses which they had previously pledged with the Authority. World Renew had planned to construct 332 houses. So far, 131 new earthquake

resistant shelters have been completed and an additional 103 have begun construction. World Renew is also helping to rehabilitate and develop the livelihoods of community members who depend on agriculture to survive<sup>5</sup>. The organization has proposed NPR 240 million for completing the housing reconstruction project while 40 million rupees was already<sup>6</sup> spent.

Some initiatives like. Dhrumus Suntali Foundation have already constructed an integrated settlement (65 houses) in Giranchaur of Sindhupalchok. Earlier, the foundation had constructed similar settlement in Kavre targeting backward Pahari community.

Officials at the NRA and Social Welfare Council admit I/NGOs are also lagging behind schedule in terms of completing post-earthquake reconstruction works. "They have also some issues such as lack of human resources and coordination with the local communities. That's why they have not been able to work as it was expected,"<sup>7</sup>.

I/NGOs have been reconstructing houses in accordance with their commitment although reconstruction pace is slow. Some media, however, have accused I/NGOs of flouting reconstruction guidelines and spending million on 'luxuries' and procuring vehicles for office while working in earthquake-affected districts. For example only two health posts out of 67 health posts and other health institutions constructed or being constructed by 10 INGOs were found to have approved housing design before carrying out construction, according to a report

prepared by Central Level Project Implementation Unit.<sup>8</sup>

According to news report Save the Children constructed 18 semi parameter structures for Health Posts in various village of Gorkha, Nuwakot, Rasuwa, Dolakha and Sindhupalchok but the organizations has not approved the building design of Health Posts.

American Medical Foundation, which constructed 11 Health Posts in various Sindhupalchok, is also accused of building health institutions without building design approval. Primary Health Care Cooperation constructed by USAID and 12 Health Posts constructed by Karuna Foundation are also found to have building health infrastructures before housing design approval.

The pace of I/NGOs is slow in Gorkha, the epicentre of earthquake as well, says government officials. Apart from Non Resident Nepali (NRN) who has taken responsibility to construct a model settlement at Laprak of the district, other three organizations had been tasked with constructing 610 houses in the district.

In Choprak, Muchchowk and Palungtar areas, INF Nepal had taken responsibility to construct 105 houses for quake survivors having disabilities. So far, the organization has only distributed second tranche of housing grant to 27 quake survivors only. The INGO said they are in process of distributing the grant to 15 more families. However, those families have not even laid foundation of their home.

<sup>4</sup> Interview with Bishnu Poudel, an official at Policy Monitoring and Development Cooperation Coordination Section under the NRA in an interview.

<sup>5</sup> <https://worldrenew.net/nepalearthquake> (Retrieved 6 December 2017).

<sup>6</sup> BBC Nepali Service report

<sup>7</sup> Based on interview with then CEO Dr. Govinda Raj Pokharel.

<sup>8</sup> Sangraula Sangeet, Republica, Various I/NGOs building health posts flouting reconstruction guidelines, Jan 26, 2017

A year ago, the NGO had signed contract with NRA to construct 26 houses in Muchowk, three in Palungtar and 75 in Choprak. However, the District Coordination Committee (DCC) said they are not aware that even one house has been reconstructed so far. None of the quake survivors there have received the third tranche of the housing grant. Reconstruction works have not been able to progress in lack of the third tranche. Sitaram Shrestha, a local of Siranchowk Rural Municipality-5, said he has laid foundation to his house, but it has so far failed to make progress in lack of the grant.

Sahas Nepal, Save the Children, Lutheran World Relief, NRN among other organizations too have delayed the reconstruction works in the district. Local Development Officer (LDO) Narayan Acharya said NGOs/INGOs have been making progress in reconstruction works in slower pace than that of the government. INGOs, however, have accused the bureaucrats of seeking “bribe” to get their projects approved and monitored. Around six percent of the total project budget was sought from the INGOs<sup>9</sup>. Like government and I/NGOs various business firms have also expressed their interests in supporting in reconstruction as part of their social corporate responsibility.

Chaudhary Foundation had committed to construct 10000 transitional shelters for earthquake survivors. It constructed 3000 shelters in the state of early recovery phase. The foundation blames government for the delay.

<sup>9</sup> Pete Pattison, *recordnepal.com*, INGOs paying Nepal government hundreds of thousands of dollar to approve projects

The government urged private sector to focus on permanent housing after early recovery work was over and it stopped building temporary shelter. Citing the government instruction the Foundation stopped the temporary shelter construction process. Now, the Foundation is focused on building permanent housing for earthquake survivors. As part of permanent housing construction seventy houses are being built in Sindhupalchok in first. The foundation said construction of permanent housing process will be continued even in coming days<sup>10</sup>.

The Foundation has constructed 40 schools in 12 quake-affected districts. Politics has overshadowed reconstructions. Bureaucrats have taken it as additional burden instead of giving utmost priority to rebuilding of houses and other infrastructures destroyed in the earthquake. Not surprisingly, bureaucrats are taking the urgency of reconstruction as usual work. That’s why money allotted for reconstruction remains unspent while needy people are forced to take shelter under the makeshift tents.

## 2.8 Challenging Cut-off Deadline

Following criticism for delay in accelerating post-earthquake reconstruction the Authority has set mid-July of 2018 as the cut-off-date for the distribution for all the remaining quake reconstruction grants. The last date for reconstruction has been set at a time when post-reconstruction works are already delayed and survivors are criticizing sluggish reconstruction process.

<sup>10</sup> Interview with a senior CF foundation official

Completing housing reconstruction grant within the set deadline seems a tall order while many fear whether those survivors from marginalized communities and deprived of getting legal documents like citizenship and land owners’ certificate deprive from grant.

Yet, the government the government has allocated NPR 146.18 billion for the post-earthquake reconstruction and rehabilitation programs to be spent through NRA in addition to the programs implemented by related ministries. It is not clear how the government arranges inadequate fund for reconstruction and meets its challenging deadline.

Grant distribution process is complex. Reconstruction law has a provision to provide first tranche of housing grant once they are recognized as earthquake survivors by the local reconstruction authorities. Earthquake survivors get second tranche when foundations of houses are laid and engineers deployed to the ground certifies that the foundation of is earthquake resilient while third tranche only after technicians certify that the house is rebuild as per government set standard.

These sort of bureaucratic hassles have largely affected the reconstruction works. Consequently, only 77,831 households have applied for second tranche of housing reconstruction while 65,315 applicants are certified as eligible household for the second round of grant. Only 5,159 have received second tranche of housing reconstruction and third tranche to 2,590.

## SECTION 3

### Lessons and Recommendations

#### 3.1 Lessons Learnt

Almost two-and-half years have passed and the National Reconstruction Authority is still busy in identifying earthquake survivors. Post-earthquake reconstruction is not up to the survivors' expectation. Politicization is visible in post-earthquake reconstruction. The legitimacy of NRA as a nodal agency for post reconstruction has not been recognised by line ministries and therefore coordination with them has been a challenge.

The international community has lived up to the pledge committed to support the reconstruction during the Donor Conference in 2015. To illustrate neighbouring countries like India, who had pledged the largest amount, One Billion USD, is yet to transfer the fund. Therefore, it is important that the government engage with donors and diplomatically where by NRA can act as a bridge between the two.

The verification of earthquake survivors has not yet been complied. Altogether 594150 households have received first tranche of housing reconstruction grant out of total 749796 households identified as earthquake survivors. Among them, it has signed housing grant agreement with 628822 households while only 594150 households have received first tranche of housing reconstruction.

Commitments made by the government, I/NGOs and private sectors have not been found fully translated into practice. This has forced thousands of households to live under makeshift tents. Survivors

have faced lots of difficulties and their right to live dignified life has been compromised for more than two years

The survivors have neither received money nor technicians have been deployed fully in villages to support in building earthquake resilient houses where as the government budget unspent in each fiscal year. Key political agendas i.e. promulgation of constitution economic blockade, elections and intra-party disputes and repeated government change have put the issue of reconstruction on abeyance and gradually faded away from the government priorities. Had it not been for the media and civil society organisations constant vigilance on the issue, post-earthquake reconstruction would have been at crossroad.

National Reconstruction Authority fell prey to the politics, despite demand for the establishment of a powerful National Reconstruction Authority, the frequent changes of CEO with almost every change of government. The NRA also remained a weak entity dominated by bureaucracy. A powerful Reconstruction Authority with constitutional mandate and power only can carry out the reconstruction, reaching directly to the most affected and deserving communities.

Within this structure too, the government should be able to nullify the existing discriminatory laws and policies through special measures in view of the participation in the reconstruction

policies and programmes for Dalit, Women, Children, Youth, Adolescents, Landless, Tenants, Persons with Disability, Third Gender, Sexual Minorities.

Civil society needs their continuous effort for monitoring of the reconstruction with regards to the humanitarian and developmental activities carried out by the government, non-government and private sector.

## 3.2 Recommendations

### To the Government/NRA

- Facilitating as a bridge to maintain diplomatic relation and make a continuous follow up with the international community for channelizing pledged fund for the sake of the earthquake survivors and reconstruction of public institutions.
- Frequent public audits among the stakeholders in quake hit areas/districts focusing progresses made, problems faced and coordination issues and areas sought by the authority.
- Housing grants for earthquake survivors should be ensured without further delay so that they could begin long-delayed housing reconstruction.
- As a long term strategy to make the NRA a powerful body with constitutional capacity and for the immediate cause, to implement reconstruction projects by creating momentum in coordination with line ministries.
- Line ministries to prioritise reconstruction works without

compromising and not taking it as a burden.

- Local levels through elected peoples' representatives to take up the reconstruction issues in their policies and programmes with utmost priority. Their role is vital in verification of earthquake survivors by establishing a separate unit on complain hearing and assuring justice for the genuine survivors.
- Ensure knowledgeable expertise and trained technicians at the local level for reconstruction works.
- Ensure dignified life of the survivors addressing their problems.
- For this all, the much awaited and long-pending Disaster Management Bill is endorsed and its full implementation plan needs to be made public at the earliest.

### To the Political parties

- Political commitment for powerful autonomous National Reconstruction Authority and end politicization on reconstruction works. Political parties should led the reconstruction initiative together with multistakeholders for integrated reconstruction campaign.
- Political negotiation with the international community including India and other donors to sign the aid agreement as committed in the ICNR and explore other possible options to ensure adequate fund for reconstruction.
- Creating motivation among the survivors for the need of

maintaining standard indicated by the government in reconstructing their house and involve in regular campaign to make reconstruction a priority of all.

### To non-government and private sector

Translating commitment into practice by maintaining transparency and governance in reconstruction activities. Their contribution made in the field of reconstruction and lapses should be publicized among survivors. Also, the Authority must assure survivors through exemplifying initiatives how the reconstruction is possible in stipulated time.

- Providing technical assistance in their working areas through skill based trainings in accordance with the standard set by the Authority. This will help them to reconstruct houses and get the government announced grants in time.

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