

NEPAL EARTHQUAKE HOUSING RECONSTRUCTION

ANNUAL REPORT

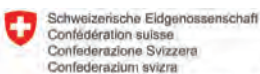
JULY 1, 2015 – JULY 31, 2016

MULTI-DONOR TRUST FUND



NEPAL EARTHQUAKE
HOUSING RECONSTRUCTION
MULTI-DONOR TRUST FUND

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CONTACT INFO

World Bank Kathmandu Office
Yak and Yeti Hotel Complex
Durbar Marg
Kathmandu, Nepal
Telephone: +977 1 4236000
+977 1 4226792

Takuya Kamata
Country Manager
Email: tkamata@worldbank.org

Kamran Akbar
Senior Disaster Risk Management Specialist
Email: kakbar1@worldbank.org

Avani Dixit
Disaster Risk Management Specialist
Email: avanimanidixit@worldbank.org

Ditte M. Gammelgaard Fallesen
Senior Operations Officer
Disaster Risk and Climate Change Unit
South Asia Region
Email: dfallesen@worldbank.org

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Washington, DC 20433, USA

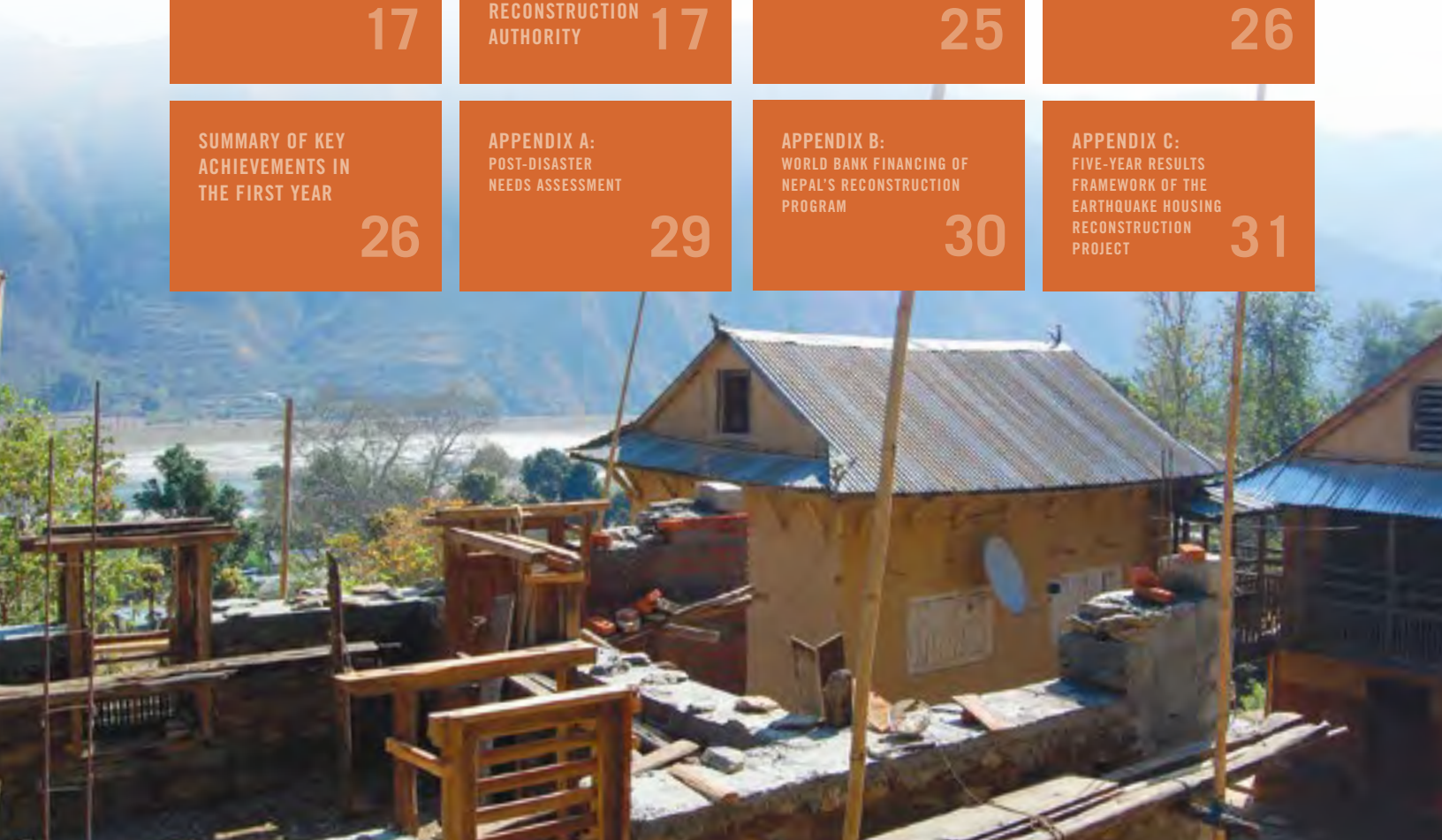
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ABBREVIATIONS AND ACRYONYMS

CL-PIU	CENTRAL LEVEL-PROGRAM IMPLEMENTATION UNIT
DFID	DEPARTMENT FOR INTERNATIONAL DEVELOPMENT
DL-PIU	DISTRICT LEVEL-PROGRAM IMPLEMENTATION UNIT
DP	DEVELOPMENT PARTNER
EHDC	EARTHQUAKE HOUSEHOLD DAMAGES AND CHARACTERISTICS SURVEY
EHRP	EARTHQUAKE HOUSING RECONSTRUCTION PROJECT
JICA	JAPAN INTERNATIONAL COOPERATION AGENCY
MDTF	MULTI-DONOR TRUST FUND
MIS	MANAGEMENT INFORMATION SYSTEM
MOF	MINISTRY OF FINANCE
MOFALD	MINISTRY OF FEDERAL AFFAIRS AND LOCAL DEVELOPMENT
MOUD	MINISTRY OF URBAN DEVELOPMENT
NGO	NONGOVERNMENTAL ORGANIZATION
NBC	NATIONAL BUILDING CODE
NRA	NATIONAL RECONSTRUCTION AUTHORITY
NRP	NEPALI RUPEES
PA	PARTICIPATION AGREEMENT
PDRF	POST-DISASTER RECOVERY FRAMEWORK
PDNA	POST-DISASTER NEEDS ASSESSMENT
PIU	PROGRAM IMPLEMENTATION UNIT
SDC	SWISS AGENCY FOR DEVELOPMENT AND COOPERATION
UNOPS	UNITED NATIONS OFFICE FOR PROJECT SERVICES
USAID	UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
UNDP	UNITED NATIONS DEVELOPMENT PROGRAMME
VDC	VILLAGE DEVELOPMENT COMMITTEE

A MESSAGE FROM THE WORLD BANK VICE PRESIDENT FOR SOUTH ASIA

2015 WAS A CHALLENGING YEAR FOR NEPAL. In April and May, two powerful earthquakes struck the country, the magnitude of which was enormous. More than nine million people were affected, including 8,790 who lost their lives, and 22,300 who were injured. Over three million people were left homeless after some 755,000 houses were destroyed or left uninhabitable.

It was clear that digging out of the rubble and rebuilding Nepal would not be an easy task and would require both technical and financial help. Following the initial search and rescue and relief efforts, the Government of Nepal led the international community in a comprehensive Post-Disaster Needs Assessment (PDNA), supported by the Asian Development Bank, Japan, the United Nations, the World Bank and the Global Facility for Disaster Reduction and Recovery. Completed in record time—within two months following the initial earthquake—under difficult conditions and with extensive collaboration among development partners, the PDNA identified “housing and human settlements” as the single greatest need for rebuilding Nepal.

Against this extremely challenging backdrop, the international community’s collaborative and cooperative approach has led to a high level of unparalleled coordination. The steady and strong leadership demonstrated by Nepal’s government reconstruction counterpart, the National Reconstruction Authority, has been fundamental for laying the complex groundwork for a successful housing reconstruction program in a geographically-challenging environment. This combination of deep commitment on both sides—the Government of Nepal and international development partners—has been effective in moving the rebuilding and recovery process forward.

With the government’s housing program now in place, earthquake-safer reconstruction will be in full swing in the coming year. During my recent visit to one of the most-affected districts, Nuwakot, I had the opportunity to talk to the beneficiaries and look at the administrative system there. Training and information is being provided to households to enable them to build earthquake-resilient houses. Although initially slow, the process has started gaining momentum and lots of houses are being built under the new earthquake-safer housing standard. At this rate, we anticipate eighty percent of all funding for housing reconstruction to be disbursed by the end of 2018. Now is the time for steadfast commitment and support for the Government of Nepal and its people and the World Bank would welcome new donor support to bolster MDTF funding for housing grants. Nepalis have demonstrated incredible strength and endurance throughout the past eighteen months; and this next year promises to be a year of building back with more resilience.

The World Bank would like to thank the governments of the United States, Switzerland, and Canada for their commitment to Nepal’s housing reconstruction efforts through the Multi-Donor Trust Fund (MDTF), which continues to play a pivotal role in rebuilding a more resilient Nepal. We welcome and thank the United Kingdom for recently joining the MDTF. The World Bank also thanks the Japan International Cooperation Agency for its strong collaboration in the rebuilding process throughout this first year, and most importantly, the Government of Nepal, for its close and constructive collaboration and leadership on housing reconstruction.

Annette Dixon
Vice President, South Asia Region
World Bank

FOREWORD

Looking back at the earthquakes of April and May 2015, it was remarkable to note the resilience of Nepalis that stood out amid the chaos. In spite of losing their homes and livelihoods, individuals and communities rallied to help each other in those initial weeks and months, and continue to do so to this day. This shows the deeply-rooted solidarity of the Nepali people.

As the country moved forward with reconstruction work, it was clear that disaster resilient reconstruction of various damaged entities require time and continuous efforts. Against this challenging backdrop, the Government of Nepal has shown exemplary leadership in bringing together various agencies, development partners and organizations on the ground to take the reconstruction process forward.

The Ministry of Finance (MOF) and National Planning Commission (NPC) immediately came on board, displaying great initiative through the organization of the Post Disaster Needs Assessment (PDNA), crucial for the relief and reconstruction efforts, and International Conference on Nepal's Reconstruction (ICNR), just two months after the first earthquake. The Chief District Officers (CDOs) and Local Development Officers (LDOs) took over the challenging tasks of being at the forefront of community liaison, addressing people's immediate needs and managing expectations for the long-term reconstruction process.

As a concrete step, the National Reconstruction Authority (NRA) was established in December 2015 and the Housing Reconstruction Program was launched. This laid the groundwork to establish the legal framework, strategic vision, organizational structure and technical tools for resilient housing reconstruction. The Ministry of Federal Affairs and Local Development (MOFALD) and

Ministry of Urban Development (MOUD) are responsible for the implementation. Currently, around 2,600 engineers are deployed at the Village Development Committee (VDC), municipality, district and central levels, responsible for transfer of knowledge of safer building construction, lending great momentum to this important process.

This report highlights the numerous milestones and achievements made in the housing reconstruction in the past year. It also contains information on the detailed household survey, disbursement of the first tranche of uniform housing grants to beneficiaries through newly established bank accounts, the widespread training of engineers and masons in resilient reconstruction, and the establishment of a Management Information System (MIS) which captures and tracks data, ensuring transparency and accountability.

Amid all this, the solidarity of the Nepali people continues to stand out. The role of social mobilizers and community leaders has been particularly extraordinary. Their vision and understanding of local needs have led to excellent orientation and communication to the affected communities, ensuring a smooth transition from relief to reconstruction.

As we go forward, the World Bank would like to thank the Government of Nepal for its leadership and our development partners for their support and solidarity. We look forward to continuing to collaborate closely with the government, our partners and the Nepali people to build a more resilient Nepal.

Takuya Kamata
World Bank Country Manager for Nepal



EXECUTIVE SUMMARY

The Nepal Earthquake Housing Reconstruction Multi-Donor Trust Fund (MDTF) was established to support the Government of Nepal's rural housing reconstruction efforts following the 2015 earthquakes. Administered by the World Bank, initially with the support of the United States Agency for International Development (USAID), the Swiss Agency for Development and Cooperation (SDC), and the Government of Canada, the trust fund was created to help finance the \$3.27 billion of needed investment in housing and human settlements—almost half of Nepal's total reconstruction needs—in the wake of the disaster. Following the close of the reporting period, the United Kingdom's Department for International Development (DFID) joined, in November 2016, the MDTF.

Damage to the housing sector was widespread in central Nepal; a total of 31 districts were affected, of which 14 are most affected and 17 are less affected. In response to the urgent need to restore or replace damaged and destroyed housing, the Government of Nepal launched its housing reconstruction program, which provides financial and technical assistance for resilient reconstruction in the affected districts of the country. The owner-driven program offers housing grants to eligible beneficiaries (those Nepalis whose home needs reconstruction due to the 2015 earthquake), enabling even the most vulnerable households to rebuild their homes.

The World Bank is engaged in the reconstruction effort through its Earthquake Housing Reconstruction Project (EHRP). It provides financing for both the uniform housing grant and direct technical assistance in 3 of the 14 most-affected districts (Dhading, Dolakha, and Nuwakot) and the technical framework for the entire government housing reconstruction program, including all of the housing stock to be rebuilt. The EHRP is also supporting the government's National Reconstruction Authority (NRA)—responsible for reconstruction throughout Nepal—with both technical and capacity-building assistance.

The government housing reconstruction program has faced many challenges in its first year of operation—not uncommon in a country recovering from a devastating earthquake. In addition to the difficulties on the ground

following the earthquake sequence of 2015, Nepal faced political, economic, and social challenges. When the earthquakes occurred, the government had been working toward approval of a new and long-awaited constitution. Following promulgation of the new constitution on September 20, 2015, Nepal faced a disruption of trade on its southern border that blocked supplies, including fuel, food, medical supplies, and construction materials, from entering the country. The border reopened only in February 2016. Due to these disruptions, political developments in the country, and other challenges, the NRA was only established on December 25, 2015.

Since the establishment of the NRA, the government's housing reconstruction program has achieved significant results and has played a substantial and pivotal role in Nepal's reconstruction and recovery from the earthquake events of 2015. The focus has been on laying the structural foundation for scaling up delivery of both cash subsidies for eligible beneficiaries and technical support for all households engaged in rebuilding resilient homes. As of July 31, 2016, the program had already achieved significant results (see Achievements on following page).

The MDTF has played a significant role in housing reconstruction as it financed the Earthquake Housing Damage and Characteristics Survey (EHDC), which has laid the foundation for the rural housing reconstruction program. The MDTF primarily supports essential activities, such as financing housing subsidies, which bolster the World Bank project in the three districts, supporting the government's housing reconstruction program more broadly.

This report, prepared by the World Bank, is the first formal update on the activities of the Nepal Earthquake Housing Reconstruction MDTF. It will be presented at the first annual MDTF donors meeting, to be held in Kathmandu in early 2017. The report is divided into two chapters. The first presents the objectives and governance structure of the MDTF. The second summarizes progress made through July 31, 2016, the cut-off date for the annual report. All relevant documents and progress updates are available on the MDTF website at www.nepalhousingreconstruction.org.

NOTE: All monetary values are expressed in US\$ unless otherwise noted.

GOVERNMENT HOUSING RECONSTRUCTION PROGRAM ACHIEVEMENTS IN THE FIRST YEAR...



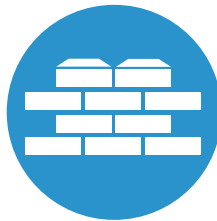
THE NATIONAL RECONSTRUCTION AUTHORITY (NRA) was established and its chief executive officer appointed.



A PROGRAM OPERATIONS MANUAL was produced and is being used for all housing reconstruction efforts.



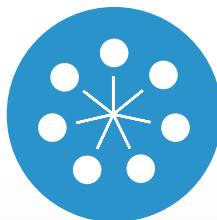
AN EARTHQUAKE HOUSEHOLD DAMAGE AND CHARACTERISTICS SURVEY was launched and completed in 11 districts, with 714,770 homes surveyed. The survey identified 531,937 households in the 11 districts as eligible for a housing subsidy.



EARTHQUAKE-SAFER HOUSING DESIGNS were finalized and disseminated by the NRA.



A NEW MANAGEMENT INFORMATION SYSTEM (MIS) was designed and launched to increase efficiency and ensure transparency and accountability.



CENTRAL AND DISTRICT-LEVEL PROJECT IMPLEMENTING UNIT OFFICES as well as seven Regional offices were established by the NRA.



THE BENEFICIARY ENROLLMENT PILOT was successfully executed in Singati Bazaar, Dolakha District.

... LAYING THE GROUNDWORK FOR NEPAL'S RECONSTRUCTION AND RECOVERY



AGREEMENTS WERE SIGNED with more than 50 banking and financial institutions to facilitate the payment of housing grants to enrolled beneficiaries through personal bank accounts.



1,301 ENGINEERS, 469 SUB-ENGINEERS, AND 508 ASSISTANT SUB-ENGINEERS were deployed throughout the most-affected districts of the country.



4,236 MASONS AND 561 ENGINEERS were trained in earthquake-safer construction techniques.



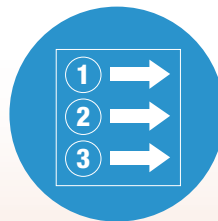
THE GOVERNMENT ENROLLED 324,770 beneficiaries in its housing reconstruction program (61 percent of all eligible Nepalis). That number increased by 5,000–8,000 a day until all beneficiaries were enrolled.



THE FIRST TRANCHE OF THE HOUSING GRANT was delivered to 39,702 beneficiaries (12 percent of enrolled beneficiaries) as of July 31, 2016. The number has been increasing by 5,000–10,000 a day and all first-tranche payments are on track for completion by 2016.



THE NRA established a grievance redress mechanism (GRM) to receive and file grievance cases and promote accountability.



THE GOVERNMENT'S POST-DISASTER RECOVERY FRAMEWORK, which outlines all sector plans and financial projects through 2020, was launched on May 12, 2016.

PART I: HOUSING RECONSTRUCTION IN NEPAL AND THE ROLE OF THE MULTI-DONOR TRUST FUND

The earthquakes that hit Nepal on April 25 and May 12, 2015, killed 8,790 people, injured 22,300, and affected more than 9 million people. They destroyed some 490,000 houses and left another 265,000 houses uninhabitable, rendering some 3.5 million people homeless.

SCALE OF THE DAMAGE

The earthquakes caused devastation in at least 31 districts (Map 1.1). A Post Disaster Needs Assessment (PDNA)—carried out under the leadership of the Government of Nepal, with the broad collaboration of numerous international partners—identified total damages and losses of about \$7 billion, with total reconstruction needs of about \$6.7 billion.

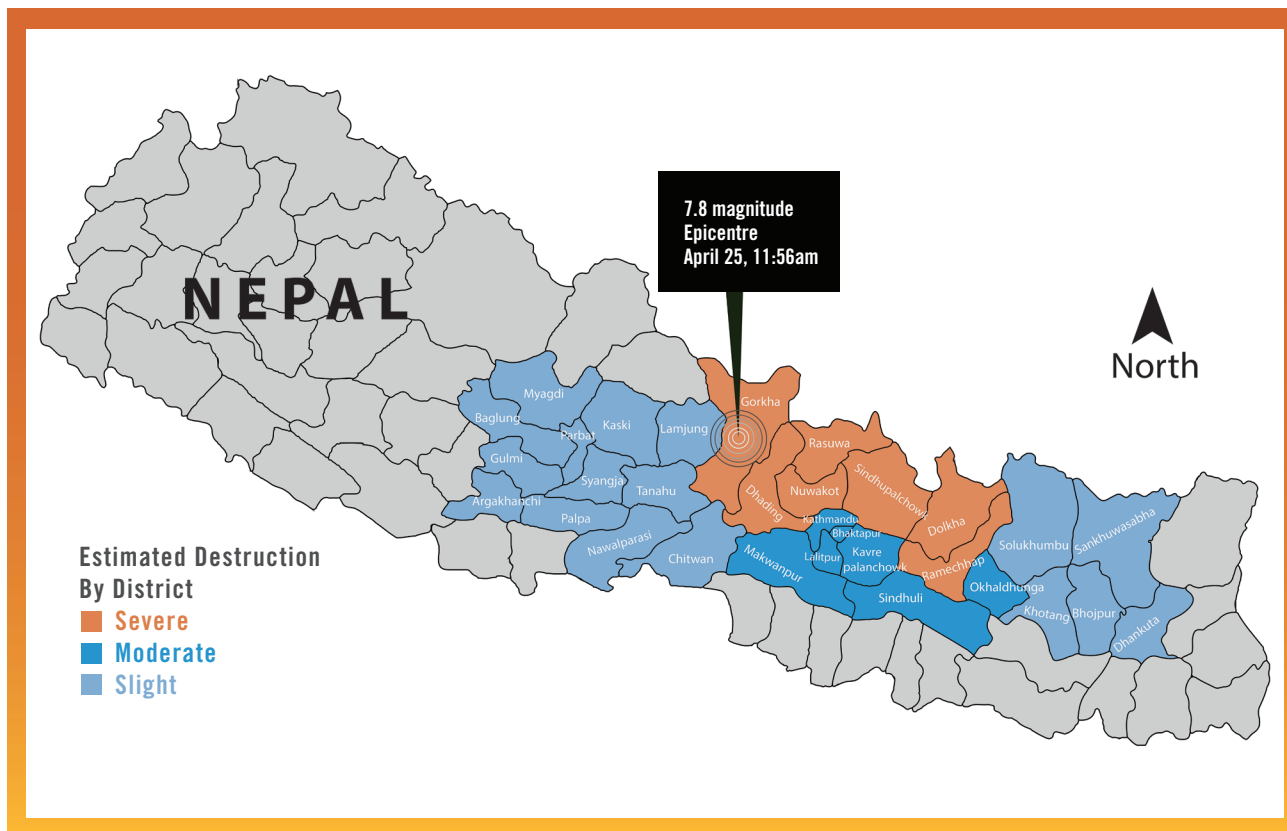
The largest single need identified by the PDNA was housing and human settlements. It estimated the cost of housing reconstruction at about \$3.27 billion, almost half of Nepal's total reconstruction needs of \$6.7 billion.¹ The two major earthquakes and aftershocks of 2015 resulted in a large-scale disaster affecting close to ten million people across at least 30 districts throughout Nepal and requires a major and sustained recovery effort.

The impact of the damage on productivity will depend on the extent to which the housing needs are met and critical network infrastructure (e.g., power, roads, etc.) are repaired. As shown in the PDNA table found in Appendix A, total damages and losses for traditional infrastructure sectors such as water, energy and transport, range between \$100 million and \$200 million each.



Footnote 1: The education sector suffered the second-highest level of damage and losses (about \$300 million), while the health sector impact is estimated at \$60 million. More than 3,000 public buildings were destroyed or damaged in addition to the country's loss of irreplaceable historical monuments and cultural icons.

MAP 1.1—EARTHQUAKE-AFFECTED DISTRICTS IN NEPAL



Source: Ministry of Home Affairs
 Note: May 21, 2015

The cost of the housing program is estimated at about \$1.5 billion. The government’s budget appropriation for its reconstruction activities is \$900 million for fiscal year 2016. Thus far, the World Bank and the MDTF have provided \$200 million (from International Development Association—IDA)

and \$20.5 million for the EHRP. Additional support includes about \$200 million from international nongovernmental organizations (NGOs), \$100 million from the Japan International Cooperation Agency (JICA) for parallel financing, about \$100 million in budget support from the European Union,

\$9 million from the United States Agency for International Development for technical assistance in three districts, and \$100 million from India.



THE MULTI-DONOR TRUST FUND

After the earthquakes, the international community rallied to provide immediate rescue and relief and support for the country's longer-term recovery. An international conference on Nepal's reconstruction (ICNR) was held in Kathmandu on June 25, 2015. Numerous countries, international financial institutions, foundations, and NGOs stepped forward, pledging about \$4.1 billion to support Nepal's recovery and reconstruction and help the country become more resilient to future events.

The Nepal Earthquake Housing Reconstruction Multi-Donor Trust Fund (MDTF) was established to support housing reconstruction efforts by the Government of Nepal. Administered by the World Bank, it includes paid-in contributions as of July 31, 2016, of \$9.6 million from USAID, \$7.8 million from Canada, and \$3.1 million from SDC, which also pledged an additional \$4.1 million to be paid in installments (table 1.1). While the majority of funds raised under the MDTF will go directly towards co-financing the World Bank's Earthquake Housing Reconstruc-

tion Project funding for beneficiary housing grants, smaller trust fund-supported activities also seek to support and bolster the technical platform for the entire housing reconstruction program led by the Government of Nepal.

The MDTF partners are working closely with the Japan International Cooperation Agency (JICA), who is also a direct contributor to the government's housing reconstruction program. The MDTF team also works with the United Nations, other donors, and local and international NGOs.

The multi-donor approach has many advantages. The MDTF:

- (a) reduces transaction costs for the government and donors by working through a single funding facility;
- (b) increases harmonization of reconstruction by pooling resources in support of the government's reconstruction plan;
- (c) increases efficiency, by reducing duplication of efforts by partners; and
- (d) enhances transparency and accountability.

The Nepal Earthquake Housing Reconstruction MDTF has a flexible governance structure, allowing for adjustments based on changing needs. One annual MDTF meeting is envisioned to be delivered in two parts. First, a stakeholders' meeting with all development partners will be held. This meeting is an occasion for the Government of Nepal to report on the progress of its housing reconstruction program, showcase results, and make a case for further funding from new and existing donors. The second meeting is an opportunity for the MDTF donors to meet with the World Bank to review administrative issues of the trust fund in the prior year and to discuss current and planned activities.

TABLE 1: CONTRIBUTIONS TO THE NEPAL EARTHQUAKE HOUSING RECONSTRUCTION MDTF (AS OF JULY 31, 2016)**

MDTF DONOR	AMOUNT (\$ million)
UNITED STATES (US Agency for International Development—USAID)	9.6
SWITZERLAND* (Swiss Agency for Development and Cooperation—SDC)	3.1
CANADA	7.8
TOTAL	20.5

*SDC has pledged an additional \$4.1 million, to be paid in installments.

**The United Kingdom's Department for International Development (DFID) joined the MDTF in November 2016, with a contribution of approximately \$6 million.

THE WORLD BANK'S EARTHQUAKE HOUSING RECONSTRUCTION PROJECT

The World Bank is supporting the government's housing reconstruction effort through its \$200 million EHRP and other programs (see Appendix B: World Bank Financing of Nepal's Reconstruction Program for more detail). The Bank's Board approved the EHRP in June 2015, just two months after the first earthquake, in an expedited process through the International Development Association's Crisis Response Window. The EHRP provides the technical framework for Nepal's entire housing reconstruction effort regardless of the funding source.

The Bank has supported reconstruction following disasters in Haiti, India, Indonesia, Japan, Pakistan, the Philippines, and other countries. This extensive international

experience helped the World Bank develop a set of best practices and identify common pitfalls and likely challenges, which it has brought to bear in working with the Government of Nepal.

The objective of the project is to rebuild houses with multi-hazard resistant core housing units in the targeted areas and to enhance the government's ability to improve long-term disaster resilience. World Bank project resources target rural housing in 3 of the 14 worst-affected districts (Dolakha, Dhading, and Nuwakot), where a large shares of houses were destroyed or in need of demolition. The EHRP will also directly benefit households in municipalities in eight other rural districts (Gorkha, Kavrepalanchowk, Makawanpur, Okhaldhunga, Ramechhap, Rasuwa, Sindhuli, and Sindhupalchowk) and three urban districts

(Bhaktapur, Kathmandu, and Lalitpur) by furnishing a technical framework, training, and earthquake-safer standards. The EHRP provides a technical platform to standardize housing reconstruction policy for all districts, thus serving as the basis for all housing reconstruction irrespective of the funding sources. The project is also enabling households to use improved techniques in incremental construction. The backbone of housing reconstruction is technical assistance. The program seeks to equip beneficiaries with skills to construct earthquake-safer core housing units supported by training, technical support, and a subsidy, which allows individuals to continue incremental construction with improved materials and technique

THE EARTHQUAKE HOUSING RECONSTRUCTION PROJECT ENCOMPASSES FOUR COMPONENTS:



HOUSING RECONSTRUCTION: The project will provide housing grants for the construction of about 55,000 multi-hazard-resilient core housing units and the establishment of a program of owner-driven housing reconstruction in targeted areas.



DISASTER RISK MANAGEMENT: The project will support the government's efforts to establish systems to provide better disaster-risk reduction, preparedness, and response, in line with global best practices.



PROJECT IMPLEMENTATION: The project will finance the establishment and operation of the government's project management unit (PMU), its central level project implementing units (CL-PIUs), and district level project implementing units (DL-PIUs).



CONTINGENCY EMERGENCY RESPONSE: The project will draw resources from the unallocated expenditure category and/or allow the government to request that the World Bank re-categorize and reallocate financing from other project components to partially cover emergency response and recovery costs.

The EHRP is financing about 10 percent of all housing reconstruction needs in Nepal, supporting 55,000 of the 531,937 identified beneficiaries, including 14,300 households headed by women. Women-headed households comprise a sizable proportion of households that lost their homes in the 2015 earthquakes. Technical information on resilient construction is available and disseminated widely to eligible households in affected areas, including those headed by women, Nepalis with disabilities, and the elderly.

A vital input to the program is the Earthquake Housing Damage and Characteristics Survey (EHDC), coordinated by the Government of Nepal's Central Bureau of Statistics and the National Reconstruction Authority (NRA), with technical and logistical support from the United Nations Office of Project Services (UNOPS), and financed by the MDTF, the Global Facility for Disaster Reduction and Recovery (GFDRR), and the World Bank. By June 30, 2016, the survey documented the earthquake damage and identified 531,937 potential program beneficiaries by classify-

ing rural houses into five categories, ranging from "completely damaged" to "negligible damage". The survey is a fundamental building block of the EHRP and the entire housing program and key for identifying all of the individual beneficiaries who are receiving both a direct housing subsidy as well as technical support in earthquake-safer construction through the program.





THE GOVERNMENT’S HOUSING RECONSTRUCTION PROGRAM

The government’s housing reconstruction program is based on key principles derived from international experience and best practices of other housing reconstruction programs.

The program’s four tenets are:

OWNER-DRIVEN CONSTRUCTION

The program equips homeowners with multi-faceted support to direct the reconstruction of their home. It provides socio-technical assistance, training, market facilitation and cash-based subsidies, among other forms of assistance.

EQUITY

All beneficiaries receive the same subsidy amount of NPR 200,000 (about \$2,000) to rebuild their home. This cash assistance is provided in three tranches, to ensure that earthquake-safer techniques are used in alignment with the government’s national building code (NBC).

SAFER CONSTRUCTION

Reconstructed housing is being rebuilt in a more resilient manner in order to withstand future disaster events. Key components of the program include technical assistance on resilient designs for housing, recommendations on appropriate local materials and the training of engineers, masons, and homeowners regarding resilient techniques, practices, and earthquake-safer materials.

TRANSPARENCY & ACCOUNTABILITY

The program includes many features to ensure that the principles of transparency and accountability are respected. They include third-party monitoring and evaluation of transparency, the fairness of the program, and beneficiary satisfaction. The program also includes a formal grievance redress mechanism to register and address complaints by beneficiaries. In addition, the Management Information System (MIS) has been designed and launched to monitor the project’s physical and financial progress and to ensure fundamentals of transparency and accountability in the process.

Additional elements of the government’s housing reconstruction program include the following:

- **A UNIFORM AND SIMPLE HOUSING RECONSTRUCTION AND REHABILITATION POLICY** that is applied to all reconstruction, regardless of the funding source, with responsibility shared by qualified development partners, under the overall guidance of the Government of Nepal. The program promotes a harmonized approach to reconstruction.
- **UPDATING AND DISSEMINATION OF EARTHQUAKE-SAFER CONSTRUCTION STANDARDS, housing designs and construction practices**, using accessible, affordable, and culturally appropriate materials, and construction methods flexible to reflect local realities. This will facilitate resilient construction in the rebuilding process.
- **PRIMARILY IN SITU RECONSTRUCTION** will be followed except where relocation is necessary due to land vulnerability or loss of original location. The government will provide land for relocation.
- **EFFECTIVE COMMUNICATION TO THE PUBLIC** throughout the process, ensuring effective feedback mechanisms. An inclusive communications plan is unfolding.

The government’s housing reconstruction program is based upon five stages of implementation. (Figure 1). On the following page, Table 1.2 describes these stages, and Table 1.3 details the five supporting pillars.

FIGURE 1: GOVERNMENT HOUSING RECONSTRUCTION PROGRAM: STAGES OF IMPLEMENTATION



TABLE 1.2 STAGES OF THE GOVERNMENT HOUSING RECONSTRUCTION PROGRAM	
STAGE	DESCRIPTION
I. THE SURVEY	Comprehensive census of damage to the housing stock conducted in the 11 most-affected districts generates beneficiary/damage database that serves as basis of rural housing reconstruction program and assists in monitoring the housing recovery process.
II. IDENTIFICATION AND VALIDATION	Survey results yield list of eligible households at the village development committee (VDC) or municipality level (and when possible, at the more micro/local ward level).
III. ENROLLMENT	Eligible beneficiaries enroll in housing program by entering into legally binding participation agreement (PA) with their VDC. PA outlines entitlements and obligations of both parties regarding key features of the program, such as payment, housing construction standards, and grievance redress mechanisms.
IV. RECONSTRUCTION	Principle of owner-driven reconstruction is fundamental. Beneficiaries receive socio-technical assistance; training and market facilitation as well as cash-based assistance, provided in tranches, upon certification of use of earthquake-safer building techniques guided by Nepal's national building code.
V. COMPLETION	Beneficiaries obtain building construction completion certificates upon inspection of their reconstructed houses certifying that the new construction complies with earthquake-safer building guidelines for greater resilience.

The five stages of the housing reconstruction program are fortified by five pillars of support (Table 1.3)

TABLE 1.3 PILLARS SUPPORTING THE GOVERNMENT HOUSING RECONSTRUCTION PROGRAM	
PILLAR	DESCRIPTION
TECHNICAL ASSISTANCE AND SUPPORT	Includes (but is not limited to) social mobilization, training of engineers and masons, market facilitation of building materials, awareness campaigns and orientation for homeowners, on-the-job assistance to construction workers, and social gatherings and meetings to discuss problems and identify solutions to difficulties faced in enrollment or building process.
COMMUNICATION AND OUTREACH	Provides accessible information to households and communities on policies, reconstruction standards, materials, technical guidance, and information on accessing the housing subsidy and other available assistance.
GRIEVANCE REDRESS SYSTEM	Allows beneficiaries and the public at large to register complaints which will be adjudicated and resolved.
MONITORING AND EVALUATION	Produces and circulates information on progress and performance and thus promotes efficiency, transparency, and accountability. Helps identify existing and potential problems while providing a basis for corrective measures for their resolution.
MANAGEMENT INFORMATION SYSTEMS (MIS)	Monitors project's physical and financial progress and helps ensure transparency and accountability for all the processes.

PROGRAM IMPLEMENTATION STRUCTURE

THE NEPAL RECONSTRUCTION AUTHORITY (NRA) is responsible for policy guidance, coordination, and oversight of the government's housing reconstruction program. The Ministry of Urban Development (MOUD) and the Ministry of Federal Affairs and Local Development (MOFALD) are executing ministries. Within the NRA, a Program Management Unit coordinates and oversees

implementation of program activities and the reconstruction process. MOFALD and MOUD have established and staffed the Central-Level Project Implementation Units (CL-PIU) in Kathmandu. The MOFALD CL-PIU is responsible for facilitating payments of housing grants and logging grievances. The MOUD CL-PIU is responsible for defining housing standards and designs, revising

and approving training, and coordinating technical assistance across the program. MOFALD and MOUD have also established and staffed the District-Level Project Implementation Units (DL-PIU) in all 14 districts. The responsibility of the DL-PIUs is to implement activities in their corresponding CL-PIU (central level) mandates at the district level.

SAFE AND RESILIENT RECONSTRUCTION

THE GOVERNMENT HOUSING reconstruction program is an owner-driven program which is supported through community mobilization and training. The houses of beneficiaries are being rebuilt with flood, landslides and earthquake-safe core housing units to minimize the risks of damage in the event of future natural disasters. Masons and carpenters are being trained in earthquake-

safer construction techniques to meet the construction needs in the earthquake-affected areas. In addition, a continuous supply of the building materials and skilled labor are being facilitated to help manage potential shortages and/or adverse price fluctuations of building resources. The beneficiaries identified under this program have signed a legally-binding participation

agreement (PA) with their local village development committee (VDC) or municipality and a simplified building permit is issued to beneficiaries who either choose among the pre-approved construction designs developed by the Ministry of Urban Development (MOUD) or build based on their own resilient custom design.





The background of the page is a photograph of a severely damaged building. The structure is partially collapsed, with exposed steel reinforcement bars (rebar) protruding from the remaining concrete walls. A large pile of rubble, including bricks and concrete blocks, is visible in the foreground and to the right. The scene is set outdoors, with some greenery visible in the distance. The overall tone is somber and highlights the impact of the earthquakes mentioned in the text.

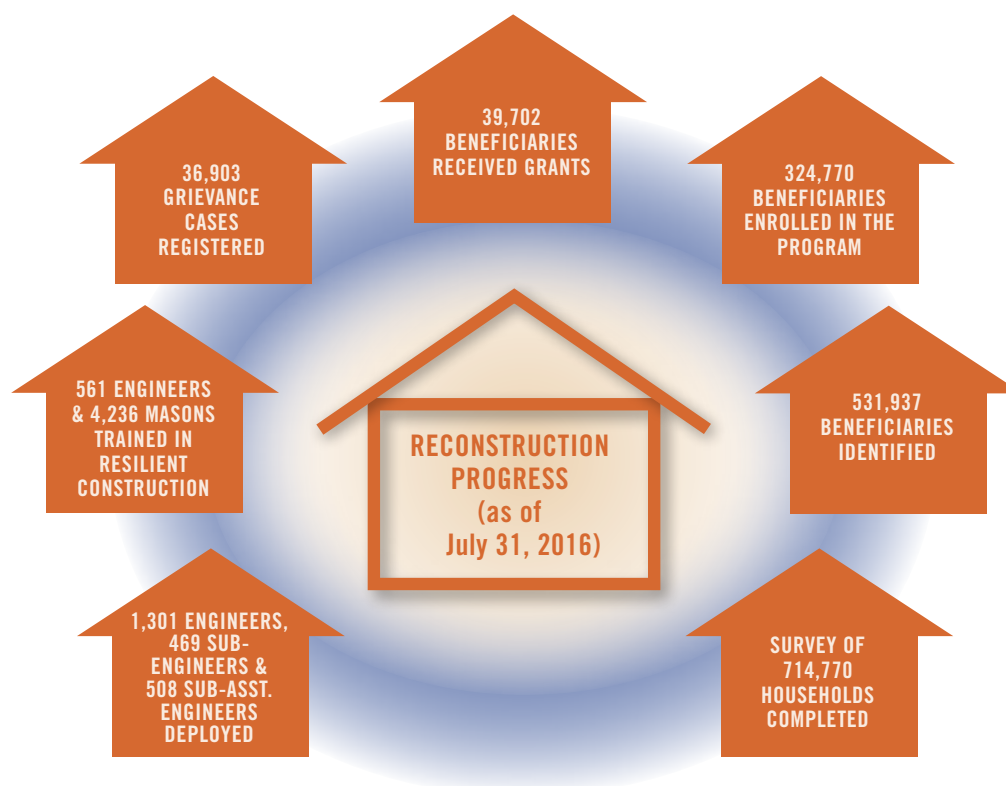
PART II: PROGRESS AND IMPACT

In the span of six months, Nepal suffered not one but two major shocks—two earthquakes and a trade disruption. They tested the resilience of the Nepali people and slowed the progress of the government’s housing reconstruction program. Despite these challenges, the housing reconstruction program is well underway and is showing strong results, fully in accordance with the agreed results matrix.²

This chapter will summarize results under the housing reconstruction program, partly financed by the MDTF, and outline lessons learned as well as issues for further work.

Footnote 2: Please see Table 2.1 (Actual versus Target Results during the First Year of the EHRP) on page 25.

**FIGURE 2.1:
SAMPLE OF FIRST-YEAR ACHIEVEMENTS OF THE GOVERNMENT HOUSING RECONSTRUCTION PROGRAM**



ACHIEVEMENTS IN THE FIRST YEAR

Within just a few months of the earthquakes, Nepal's political parties intensified their efforts to adopt a new constitution, after eight years of deliberations and spurred by the shift in political priorities following earthquake events and the ensuing disaster.

After the promulgation of the new constitution, on September 20, 2015, protests and clashes intensified along the country's southern border, leading to a near-complete disruption in cross-border trade that caused acute shortages of fuel and essential sup-

plies across the country and slowed all economic activity. The disruption had a significant impact on the pace and progress of the housing reconstruction effort and the activities of the MDTF, which saw delays in the set-up phase. The trade disruption ended in February 2016 and progress in the housing reconstruction program began to accelerate.

Despite these shocks in the critical first months following the earthquakes, the government's housing reconstruction program achieved impressive results in its first year of operation, including the following: the National Reconstruction Authority (NRA) was established, the housing survey of potential beneficiaries was conducted,

eligible beneficiaries were enrolled, the first tranche of the housing grants were paid out to a segment of households, engineers and masons were trained, and systems were put in place. Figure 2.1 summarizes some of these achievements. In addition, despite the massive logistical challenges caused by the trade disruption, many bilateral and multilateral organizations, UN agencies, NGOs, and private charities continued to support vital relief work, including housing and school reconstruction and the distribution of essential relief items before winter (Box 2.1 on following page).

EXAMPLES OF RECONSTRUCTION EFFORTS IN NEPAL BY INTERNATIONAL DEVELOPMENT PARTNERS

Development partners (DPs) have been actively engaged in Nepal's reconstruction. Some of the DPs' first year operations include the following:

- ❑ The World Bank Group-led rural housing reconstruction project called the Earthquake Housing Reconstruction Project (EHRP)
- ❑ The Nepal Earthquake Housing Reconstruction Multi-Donor Trust Fund (MDTF), supported by USAID, Canada, and SDC (DFID joined the MDTF partners in November 2016) and administered by the World Bank
- ❑ A parallel JICA-led rural reconstruction housing program
- ❑ A school reconstruction program led by JICA and the Asian Development Bank (ADB)
- ❑ Manpower and logistics assistance for enrollment in the housing subsidy program by the Department for International Development (DFID) (through a UNOPS contract)
- ❑ A DFID-supported project aimed at increasing access to finance for housing grant beneficiaries, which facilitated standard agreements with local banks for the housing program
- ❑ The USAID-funded Baliyo Ghar (Dhading, Dolakha, and Nuwakot Districts) project, implemented by the National Society for Earthquake Technology, which supported pilot enrollment activities
- ❑ Technical assistance projects, including training, social mobilization, and communication activities, conducted by international NGOs



EXECUTION OF THE POST-DISASTER NEEDS ASSESSMENT

A **RAPID NEEDS ASSESSMENT** was provided immediately after the earthquakes and during the many aftershocks. Donors supported government departments in conducting a structural damage assessment to determine the safety and soundness of public and private spaces. The assessment helped determine whether: students could safely go back to school, medical wards required temporary relocation, and families could safely remain in their homes.

The rapid needs assessment fed into the more formal Post-Disaster Needs Assessment (PDNA), which involved a wide range of experts from the government and development partners (see Appendix A). It showed that the greatest need is housing (\$3.2 billion).

The PDNA was led by Nepal's National Planning Commission and conducted jointly by more than 250 government officials and a core coordination team from the Asian Development Bank, the European Commission, JICA, the United Nations, and the

World Bank. Support also came from DFID, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), USAID, the European Investment Bank, and the governments of Finland, Norway, and Switzerland. Twenty-three sector teams, including numerous government officials and international development partners, collected data, conducted field visits, and damage verification in just three weeks—a very demanding timeline given the scale and magnitude of the disaster.

CREATION AND ACHIEVEMENTS OF THE NATIONAL RECONSTRUCTION AUTHORITY

IN DECEMBER 2015, the government created the NRA as the national coordinating institution for reconstruction. It expanded its presence in the 14 districts most affected by the earthquakes, hired technical experts and advisors, streamlined procedures, and

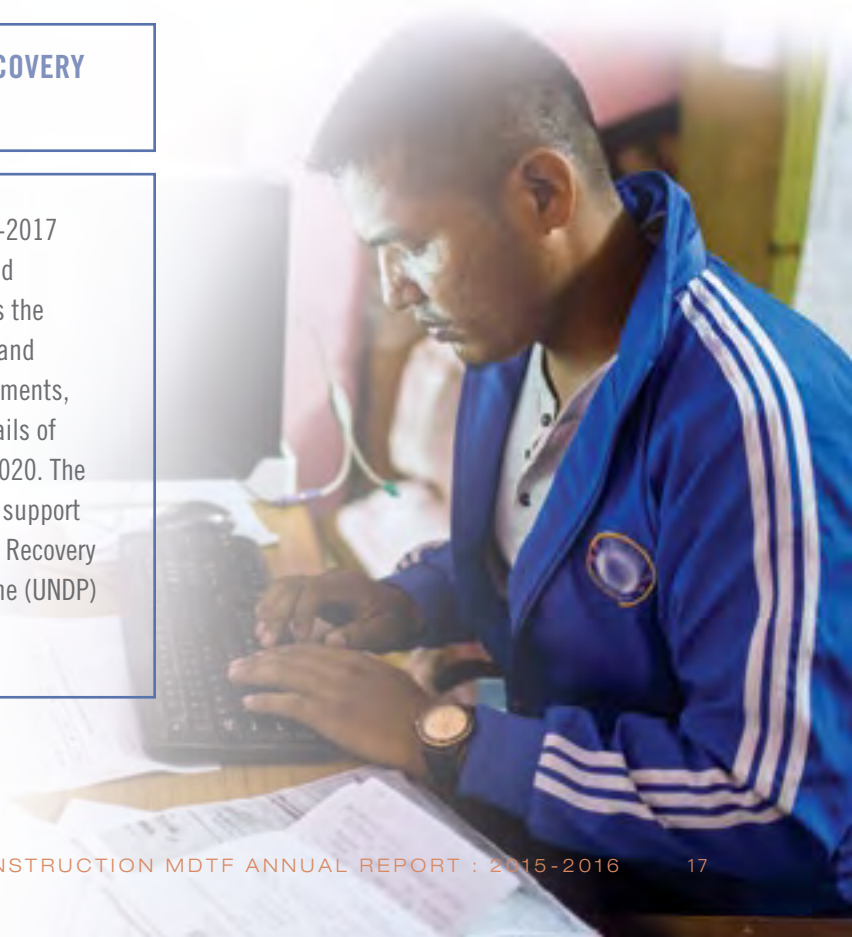
procured equipment. It also established Central Level-Project Implementing Units (CL-PIU), District Level-Project Implementing Units (DL-PIU) and seven regional offices to augment program monitoring and better address issues at the local level. By March

2016, the NRA had begun initiating reconstruction grant agreements with individual beneficiaries in some of the most-affected rural districts. Other achievements are described below.

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ESTABLISHMENT OF A POST-DISASTER RECOVERY FRAMEWORK (PDRF)

In April 2016, the NRA published the PDRF 2016-2017 framework document encapsulates the vision and strategic objectives that guide recovery, provides the policy and institutional frameworks for recovery and reconstruction, outlines implementation arrangements, and projects the financial requirements and details of all sector plans and financial projects through 2020. The PDRF was prepared with technical and financial support from the Global Fund for Disaster Reduction and Recovery (GFDRR), United Nations Development Programme (UNDP) and the World Bank.



COMPLETION OF THE EARTHQUAKE HOUSING DAMAGE AND CHARACTERISTICS SURVEY

As of July 2016, the Earthquake Housing Damage and Characteristics Survey had been completed in 11 of the 14 most-affected districts, covering 714,770 households. The survey of the remaining three Kathmandu Valley districts (which include urban areas) is planned for completion in 2016. A quality assurance and checking mechanism is being established within the NRA to ensure the consistency and accuracy of assessed houses and locations.

The survey lists 531,937 households as eligible for the housing subsidy. As of the end of June 2016, 300,951 eligible beneficiary details had been uploaded onto the Line Ministry Budget Information System (LMBIS). The government had deployed some 2,300 technical staff (engineers, sub-engineers, and assistant sub-engineers) to conduct eligibility surveys in rural areas hardest hit by the earthquakes. They are being accompanied by “social mobilizers”, who are addressing grievances at the community level.

TRAINING OF ENGINEERS AND MASONS

The program trained 561 engineers and 4,236 masons in earthquake-safer construction techniques (Box 2.2) as of end July 2016. It is continuing to train members of households, masons, engineers (deployed to assist with inspection of houses for release of second and third subsidy tranche), and social mobilizers.

A C H I E V E M E N T

A C H I E V E M E N T



I think that these kinds of trainings help in establishing a disaster resilient community—not just a house, but the whole community. We are making them aware of how to make the whole community earthquake resilient.



REPORT FROM THE FIELD

Ayush Baskota, District Coordinator in Nuwakot, National Society for Earthquake Technology-Nepal (NSET), Baliyo Ghar (Civil Engineer)

Ayush Baskota, a civil engineer, is the National Society for Earthquake Technology (NSET) District Coordinator for Nuwakot District—where many residents lost their homes in the 2015 earthquake disaster. Ayush Baskota represents one of numerous NGOs involved in training local masons all about resilient construction techniques. This training is a key component of the Government of Nepal’s owner-driven housing reconstruction program. The World Bank, and MDTF-funded Earthquake Housing Reconstruction Project, is financing part of the government’s housing reconstruction program work and provides the technical framework for the design of the entire housing program, regardless of the funding source. The EHRP-funded portion of the government program is focusing on 3 of the 14 most-affected districts (including the Nuwakot District).

Mr. Baskota describes the kind of work he is doing in Nuwakot: “We are giving a 7-day training [course] to the local masons...about the importance of earthquake safe buildings. We also give them

information on disaster risk, quality of the materials to be used, and retrofitting as well as what the role of the engineers and the local masons [is] in a community. They receive theory-based as well as practical hands-on training. The training is really important as the local masons also give trainings around their villages [imparting] this knowledge to those around them.”

“In the case of Thansingh VDC, this is the first time that engineers have come to a village and trained the local masons. This has also helped... people...learn about the flaws in the [older] building techniques. I think that these kinds of trainings help in establishing a disaster resilient community—not just a house, but the whole community. We are making them aware of how to make the whole community earthquake resilient.” The Government Housing Reconstruction Program, with support from EHRP and MDTF, is facilitating widespread resilient reconstruction in Nepal.

ENROLLMENT OF BENEFICIARIES

Enrollment in the program was tested through a pilot program in Dolakha District in March 2016, and then expanded to 10 more districts by June 2016.

By the end of July 2016, 324,770 households had been enrolled in the program, and the program had begun to roll out in the remaining districts.

The first pilot was considered a success by enrolled beneficiaries, the NGO staff who organized it, and the local officials responsible for implementing it. In early May 2016, a World Bank mission assessed the pilot. It was impressed by the effective start-up of the grant process. The mission also checked that gender and social inclusion principles were adhered to, identified strategies to improve grievance mechanisms, and made recommendations on improvements in local procedures and guidelines for distributing household grants (Box 2.3).

ESTABLISHMENT OF A MANAGEMENT INFORMATION SYSTEM

The management information system (MIS) developed for the program monitors physical and financial progress, transparency, and accountability. It has facilitated targeting, enrollment, inspection, and disbursements. Photographs and data collected from the beneficiary survey are easy to store, view, and search. The MIS has been used to derive and cross-check the list of eligible beneficiaries. It will be used to collect data during inspection, facilitating quick and effective monitoring activities. The MIS is also linked to the Line Ministry Budget Information System (LMBIS), hosted by the Ministry of Finance. The MIS is key to retaining and expanding confidence in the housing program, particularly among donors.



The pilot activities were smoothly managed by the consortium of international NGOs working in Dolakha.



LESSONS FROM THE PILOT DISTRIBUTION OF GRANTS

The pilot activities were smoothly managed by the consortium of international NGOs working in Dolakha. The consortium built upon local networks to ensure that the formal process was well organized, systematic, and relatively efficient to enroll more than 600 households in the Lamidanda and Laduk Village Development Committees. Villages were informed of the date and time of the registration by telephone and social media. Following enrollment in the first two village development committees, the pilot moved on to Sahare and Sailung.

The distribution of the initial grants in the Singati Bazaar Village Development Committee was widely reported in the media (see <https://www.youtube.com/watch?v=jnRuZEW0jGY>) and much appreciated by the local communities. As in any complex and participatory processes, however, there are lessons to be learned and room for improvement of policies, guidelines and procedures.

Some of the recommendations offered by the World Bank mission that reviewed the pilot included simplifying and expediting processes to facilitate the:

- (a) issuance of housing subsidies;
- (b) dissemination of preapproved earthquake-resistant housing designs, including innovative, owner-generated and mud-brick construction; (c) enrollment for beneficiaries who lack land ownership certificates (lal purja);
- (d) the functioning of the grievance mechanisms at the district level (to include social media and reflect greater transparency) and
- (e) coordination between the NRA and NGOs to ensure that all components of the government's housing reconstruction program reach beneficiaries and directly assist them with the resilient reconstruction of their homes.

ESTABLISHMENT OF BANKING AGREEMENTS FOR THE DISBURSEMENT OF FUNDS

In May 2016, the NRA established a standard agreement with the Nepal Banking Association (NBA) to be used with banking and financial institutions (BFIs) throughout the country. It has since signed more than 50 agreements with BFIs to disburse subsidies electronically to a bank account for each individual beneficiary throughout the country. By the end of year one, the banks mapped more than 172,000 eligible beneficiaries. The NBA and various banks have continued the process of mapping beneficiaries for individual accounts at the village development committee and district levels. With the banking agreements in place, this number is expected to increase at a brisk pace over the next few months.

The program has brought thousands of Nepalis into the formal banking system. Before these agreements, only about 20 percent of the population in the 11 districts where the housing survey was completed had bank accounts. Through the housing program, beneficiaries now have a secure, transparent means of receiving their grant payments along with all the other benefits of electronic banking.

DISTRIBUTION OF THE HOUSING SUBSIDY

By July 31, 2016, the first tranche (NPR 50,000, about \$500) had been deposited in the bank accounts of 39,702 beneficiaries in seven districts (Box 2.4). By late September 2016, the number had reached 401,000 (about 88 percent of enrolled beneficiaries and 75 percent of all eligible beneficiaries). At the current rate of distribution, the NRA expects to reach all beneficiaries by the end of December. The second installment (of NPR 80,000) will be given after approval of the housing design; the last tranche (NPR 70,000) will be provided upon completion of reconstruction.



I didn't have a bank account before. If the money [were] given to me in cash, I wouldn't be able to save [it].



REPORT FROM THE FIELD

Rukmedi Adhikari, Beneficiary in the Nuwakot District

Rukmedi Adhikari (from Thansingh, Nuwakot District, Nepal) is one of many Nepalis who lost their home in the earthquakes of 2015. She is now enrolled as a beneficiary in the government's housing reconstruction program supported by the EHRP and the Multi-Donor Trust Fund. Rukmedi Adhikari and her family have received a housing subsidy and technical support to rebuild her home with earthquake-safer techniques and materials, protecting her and her family in the event of a future earthquake.

Following the earthquake, Rukmedi Adhikari recounted her trying experience.... "Our house collapsed completely when the earthquake struck...with the paddy and corn still inside. We couldn't even take the food from inside the house. We had to bulldoze the house and we lived in our relative's house after that."

"The reason why we have started building the house now is that [the government is] giving us 2 lakhs [NPRs 200,000 equivalent to US\$2,000]. I am happy that I am receiving the money. The Village Development Committee Secretary [came] and advised us that the money will be deposited in [a] bank account. I didn't have a bank account before. If the money [were] given

to me in cash, I wouldn't be able to save [it]. It's better if the money gets deposited in a bank account. That way, I won't spend [it] for other household items."

"Once we started [rebuilding], we thought it better to build a concrete house...rather than the one with the old structure." Rukmedi Adhikari is taking advice from program's engineers to rebuild a more resilient home, one built to better withstand future natural events. At the local level, the program provides earthquake-safer designs, technical assistance on resilient construction, and a housing subsidy to beneficiaries throughout the 14 most-affected districts in Nepal.

According to Rukmedi Adhikari, "...it is very difficult to get by. The children have to be educated but no matter how hard it is, having a house is essential and therefore I have taken on this task." Support from the government housing reconstruction program, EHRP and the MDTF are making greater resiliency possible in Nepal.

"This temporary house that we are staying in now was built by volunteers who came from Kathmandu after hearing about our situation. They built it in a day and left."

**ESTABLISHMENT AND
OPERATION OF A GRIEVANCE
MECHANISM**

As of end July, 39,702 grievances cases were registered, an indication that information on the government's housing reconstruction program and the grievance mechanism is widely available and that participation in the housing reconstruction effort is high. No data are available on the number that were resolved.

MONITORING AND REPORTING

The main objective of the monitoring and reporting component is to produce and circulate information on the program's progress and performance in order to promote efficiency, transparency, and accountability. The system gathers, standardizes, and measures all data streams related to reconstruction, earthquake-safer compliance, and technical support activities.

The project implementation unit of the NRA prepares bi-weekly consolidated updates on progress, which it shares with all the donors. The NRA also posts periodic updates on the government's activities and results on its website (<http://nra.gov.np/news/details/132>).

PERFORMANCE AGAINST INDICATORS

TABLE 2.1 COMPARES the indicators established in the results framework for the EHRP and actual results at the end of the first year of the project. For five of the ten indicators, actual results met or exceeded the targets. For the remaining five criteria, only one area (number of artisans trained in multi-hazard-resistant construction) needs to be adjusted for better performance. For the remaining four criteria, either data was unavailable or the activities were not relevant for the initial year of the EHRP. The strong indicator ratings clearly demonstrate that significant progress and concrete results have been achieved in Year one of the EHRP.

TABLE 2.1: ACTUAL VERSUS TARGET RESULTS DURING THE FIRST YEAR OF THE EARTHQUAKE HOUSING RECONSTRUCTION PROJECT			
INDICATOR	TARGET	ACTUAL	INDICATOR RATING
Number of direct project beneficiaries	0	59,697 ^a	✓ Met or exceeded
Percent female beneficiaries	50	50 ^b	✓ Met or exceeded
Percent of intended beneficiaries aware of project information and project investments	30	100	✓ Met or exceeded
Number of male intended beneficiaries aware of project information and project investments	35,475	118,250 (maxed out from enrollment) ^c	✓ Met or exceeded
Number of female intended beneficiaries aware of project information and project investments	35,475	118,250 (maxed out from enrollment)	✓ Met or exceeded
Number of artisans trained in multi-hazard-resistant construction	15,000	4,236 (all funded by partner organizations)	Adjustments to be made to boost performance ^d
Number of grievances related to delivery of project benefits addressed	390	Not available	Not available
Percent of registered grievances related to delivery of project benefits addressed	90	Not available	Not available
Improved houses reconstructed under the project	0	0	Note: reconstruction beginning in Year 2
Technical studies on disaster risk management completed	0	0	Note: technical studies beginning in Year 2

Notes

^a This is the number of households in Dhading, Dolakha, and Nuwakot that received the first tranche multiplied by 4.3 (average household size). As noted in the report, this figure has risen significantly in the three months following the closing date of this report.

^b Beneficiaries are households, so the split should be about 50/50.

^c Maxed out from enrollment: The number of beneficiaries enrolled in the program in the three EHRP districts is 391,726 (91,099 households multiplied by 4.3), already above the number that WB credit + MDTF would cover and well above final listed in RF).

^d The number of artisans trained has risen since the three months following the closing date of this report.

ALLOCATION OF FUNDS BY THE MULTI-DONOR TRUST FUND

DURING THE FIRST YEAR of operation, the MDTF disbursed \$7.6 million (of the \$7.9 million allocated) to the Earthquake Housing Damage and Characteristics Survey, the basis for the entire reconstruction program. The survey was completed in July 2016. The survey information, housed in the MIS, serves as the foundation for identification

of beneficiaries for housing grants as well as technical support. In turn, it has helped the government, World Bank and all development partners to understand where the greatest needs are and thus, where to deploy resources

The MDTF also disbursed approximately \$96,000 for communications and manage-

ment and administration costs. These funds financed the MDTF website, multimedia, this report, and World Bank administration costs. Future donor contributions to the MDTF and allocations from the MDTF to government will be primarily dedicated to financing housing subsidies.

SUMMARY OF KEY ACHIEVEMENTS IN THE FIRST YEAR

THE VERY HIGH LEVEL of collaboration and regular communication among the government and development partners has made an important difference in reaching milestones in the first year. They include the following:

- completion of the Post Disaster Needs Assessment
- establishment and development of the NRA
- completion of the rural housing survey (EHDC)
- completion of Post-Disaster Recovery Framework to provide a systematic guide for recovery
- development and dissemination of resilient-construction designs
- training of masons and engineers in earthquake-safer construction
- launching of beneficiary enrollment
- establishment of banking agreements for new bank accounts in rural districts
- disbursement of initial tranches of the housing subsidy to many beneficiaries
- start of reconstruction of resilient houses

All of this has helped Nepalis begin the difficult process of rebuilding their homes and lives, more resilient, and in a much stronger position should they face additional natural events. Many lessons have been learned and the housing program has been continually reviewing these lessons in order to improve the program. Table 2.2 summarizes some of the lessons learned so far.



TABLE 2.2 LESSONS LEARNED IN THE FIRST YEAR OF IMPLEMENTATION

GOAL	LESSON
STRENGTHEN COMMUNICATIONS	Communication and outreach is an essential component of the program. Communication and outreach should be timely, widespread, authorized, and consistent. Accessible information should be provided to affected households and communities on: policies, reconstruction standards, materials, technical guidance, as well as on how to access financial and other assistance. Methods, target audiences, and sequencing should be reviewed. The NRA should manage mass communication activities, including mass media and print materials for dissemination in the field.
DISSEMINATE RESILIENT HOUSING DESIGNS	Increasing the number of and doing a better job of publicizing the range of pre-approved earthquake-resistant housing designs—including innovative, owner-generated, low-cost, smaller-size, and mud-brick construction—in order to give poorer beneficiaries a better choice of designs and speed up reconstruction.
PROVIDE MORE SUPPORT AT THE DISTRICT AND VILLAGE LEVELS	Improving communication and providing resources and training for local officials, as well as additional human resources, would simplify and expedite the reconstruction process.
REEVALUATE LAND TITLE PROTOCOLS FOR ELIGIBILITY	The requirement to present a land title to establish eligibility for the housing program should be reconsidered. A change in the requirement should be reflected in the project operations manual, along with other changes.
ENSURE THAT THE GRIEVANCE REDRESS SYSTEM IS FUNCTIONING	The grievance redress mechanism should be better publicized, so that people understand where and how to voice their complaints. The government, in compliance with the <i>Right to Information Act</i> , should raise people's awareness of existing laws and legal mechanisms more generally.
MITIGATE POTENTIAL CORRUPTION	Setting up additional grievance channels for reporting corruption would introduce greater transparency in the enrollment process and the overall program.
FACILITATE EFFICIENT INSPECTION OF BENEFICIARY HOUSES	Plinth-level inspections will need to be conducted before the second tranche of the subsidy is disbursed to beneficiaries. The government needs to finalize the inspection standard operating procedure and train the technical teams (comprised of engineers, sub-engineers, assistant sub-engineers) that have been hired by Ministry of Urban Development, so that reconstruction can continue smoothly and without delay. A third-party monitoring agent will perform spot checks in the EHRP Districts of Dhading, Dolakha, and Nuwakot, to independently confirm physical and financial progress and ensure that technical construction standards of individual housing grants are being met. Substantial manpower will have to be deployed locally to conduct compliance spot checks at various stages of construction.

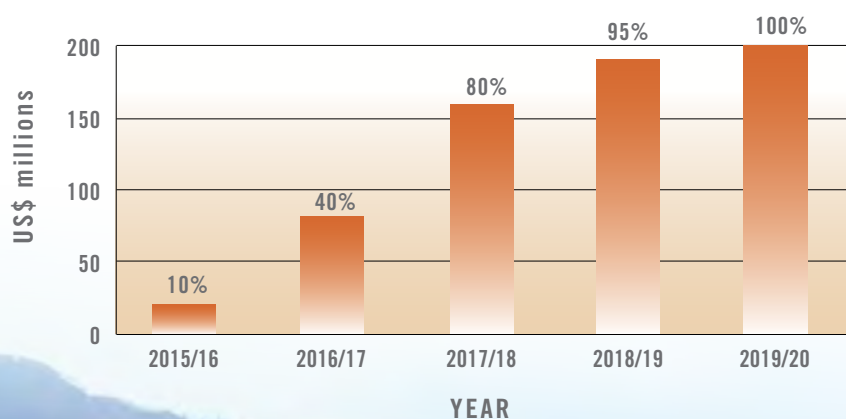
The first MDTF donors meeting will be held in January 2017 in Kathmandu. The NRA will report on progress. MDTF funding and the current housing reconstruction program financing gap will also be discussed. Additional financing will be pivotal in helping

Nepal advance from the initial stages of reconstruction to the completion of resilient housing for its citizens and better prepared for the future. The need for additional support from the MDTF and other development partners is significant in the next two years,

when about 80 percent of houses will be built (Figure 2.2 and Appendix C on p. 31). The remaining 20 percent of houses will be built in 2018/19 and 2019/20.

FIGURE 2.2 PROJECTED DISBURSEMENTS OF FUNDS TO BENEFICIARIES OF THE EARTHQUAKE HOUSING RECONSTRUCTION PROJECT, 2015–20

**EHRP ACCUMULATED DISBURSEMENTS
(Projected through 2020)**



APPENDIX A POST-DISASTER NEEDS ASSESSMENT (US\$ millions)

POST-DISASTER NEEDS ASSESSMENT (US\$ MILLIONS)					
SECTOR	Damage	Loss	TOTAL DISASTER EFFECT	Lost Personal Income	TOTAL NEEDS
AGRICULTURE	160.8	117.3	278.1	45.1	152.5
COMMUNICATIONS	35.4	49.8	85.2	0.0	48.4
COMMUNITY INFRASTRUCTURE	32.8	0.0	32.8	0.0	43.6
CULTURAL HERITAGE	165.8	22.7	188.5	0.0	201.6
DISASTER RISK REDUCTION	0.2	1.3	1.5	0.0	80.4
EDUCATION	275.1	31.9	307.0	0.0	389.3
ELECTRICITY	174.6	33.7	208.3	0.0	182.2
EMPLOYMENT AND LIVELIHOODS	0.0	0.0	0.0	0.0	123.0
ENVIRONMENT AND FORESTRY	323.1	10.4	333.5	0.0	247.0
FINANCIAL SECTOR	43.1	263.6	306.7	0.0	322.1
GENDER AND CROSS CUTTING ISSUES	0.0	0.0	0.0	0.0	10.6
GOVERNANCE	163.6	0.0	163.6	0.0	163.2
HEALTH AND POPULATION	51.0	11.2	62.1	0.0	110.5
HOUSING AND HUMAN SETTLEMENTS	2,976.8	458.3	3,435.1	0.0	3,213.4
INDUSTRY AND COMMERCE	170.7	165.4	336.1	62.0	268.7
IRRIGATION	3.8	0.0	3.8	0.0	4.6
NUTRITION	0.0	0.0	0.0	0.0	49.4
SOCIAL PROTECTION	0.0	0.0	0.0	0.0	62.7
TOURISM	184.9	611.6	796.5	60.8	405.3
TRANSPORT	168.5	48.3	216.8	0.0	276.3
WATER AND SANITATION	103.0	8.6	111.6	0.0	177.5
TOTAL	5,033.1	1,834.1	6,867.3	167.9	6,532.4

APPENDIX B

WORLD BANK FINANCING OF NEPAL'S RECONSTRUCTION PROGRAM

TYPE OF RECONSTRUCTION	AMOUNT (millions of US dollars)	DESCRIPTION
HOUSING RECONSTRUCTION	200	Approved by the World Bank Board on June 29, 2015, this credit from the International Development Association (IDA) Crisis Response Window will provide grants to 55,000 poor homeowners in rural areas to rebuild their houses. The credit will also finance technical assistance to improve disaster risk management systems. This concessional credit (extended on standard IDA terms, with a maturity of 38 years and a 6-year grace period) finances housing reconstruction (\$185 million), disaster risk management systems (\$10 million), project implementation support (\$5 million), and contingency emergency responses that can be financed through reallocation of project funds to support response and reconstruction following an adverse natural event that causes a major disaster.
REALLOCATION OF FUNDS FROM EXISTING PORTFOLIO	100–200	The Bank reallocated funds from 12 of the 23 projects it finances in Nepal to assist in the recovery. The reallocated funds will support the repair of damaged roads, irrigation, and drinking water schemes and the expansion of vocational training in areas related to post-earthquake recovery and provide healthcare, nutrition, and livelihood support in the country's poorest communities. All reallocated money will be replaced with additional funds.
BUDGET SUPPORT	100	Approved by the World Bank Board on June 29, 2015, this IDA credit provides the Government of Nepal with short-term financial support to accelerate and expand relief and recovery efforts. It also supports policy measures to strengthen the country's financial sector, which weakened along with the economy. These funds were fully disbursed in September 2015.
LIQUIDITY FACILITY	50-70	The World Bank's \$50–\$70 million facility plus \$9.8 million in post-earthquake support from the International Finance Corporation (the World Bank Group's private sector arm) is available to commercial banks. It is intended to support the recovery of small and medium-size enterprises in the tourism and housing sectors. The facility can also be used to import essential capital equipment and finance working capital needs. The \$9.8 million quick-response initiative by IFC accelerated commitments and disbursements to clients in tourism and agribusiness to ensure business continuity.
ROADS	150	This financing will support repairs and upgrades to Nepal's strategic roads network. The project is under preparation and is expected to be approved in March 2017.

APPENDIX C

FIVE-YEAR RESULTS FRAMEWORK OF THE EARTHQUAKE HOUSING RECONSTRUCTION PROJECT

The Project Development Objective (PDO) is to restore affected houses with multi-hazard resistant core housing units in targeted areas and to enhance the government's ability to improve long-term disaster resilience. These results are at Project Level.

PROJECT DEVELOPMENT OBJECTIVE INDICATOR	CUMULATIVE TARGET VALUES				
	YR1	YR2	YR3	YR4	YR5
Households with resilient core housing reconstructed under the project (Number)	0	16,980	28,300	53,770	55,000
Out of which women headed households (Number–Sub-Type: Supplemental)	0	4,415	7,358	13,980	14,300
Citizens made aware of earthquake resilient reconstruction (Number)	15,436	30,873	55,000	55,000	55,000
Government officials trained on Disaster Risk Management (Number)	15	50	100	150	250
Direct project beneficiaries (Number)–(Core)	0	73,693	122,822	233,362	236,500
Female beneficiaries (Percentage–Sub-Type: Supplemental)–(Core)	50	50	50	50	50
Intended beneficiaries aware of project info. and project investments (percent) (Percentage)–(Core)	30	60	70	80	100
Intended beneficiaries aware of project info. and project investments–male (Number–Sub-Type: Supplemental)–(Core)	35,475	70,950	82,775	94,600	118,250
Intended beneficiaries aware of project info. and project investments–female (Number–Sub-Type: Supplemental)–(Core)	35,475	70,950	82,775	94,600	118,250
Grievances registered related to delivery of project benefits addressed (percent) (Percentage)–(Core)	90	90	95	95	95
Grievances related to delivery of project benefits that are addressed-(number) (Number–Sub-Type: Supplemental)–(Core)	390	1,755	1,950	2,145	2,145

PROJECT DEVELOPMENT OBJECTIVE INDICATOR	CUMULATIVE TARGET VALUES				
	YR1	YR2	YR3	YR4	YR5
Improved houses reconstructed under the project (Number)	0	16,980	28,300	53,770	55,000
Artisans trained in multihazard resistant construction (Number)	15,000	30,000	60,000	60,000	60,000
Technical studies on disaster risk management completed (Number)	0	0	0	1	3



CONTACT INFORMATION

World Bank Kathmandu Office
Yak and Yeti Hotel Complex
Durbar Marg
Kathmandu, Nepal
Telephone: +977 1 4236000
+977 1 4226792

Takuya Kamata
Country Manager
Email: tkamata@worldbank.org

Kamran Akbar
Senior Disaster Risk Management Specialist
Email: kakbar1@worldbank.org

Avani Dixit
Disaster Risk Management Specialist
Email: avanimanidixit@worldbank.org

Ditte M. Gammelgaard Fallesen
Senior Operations Officer
Disaster Risk and Climate Change Unit
South Asia Region
Email: dfallesen@worldbank.org

World Bank Group
1818 H Street, NW
Washington, DC 20433
Telephone: +1 202 473 1000

All documents available on:
www.nepalhousingreconstruction.org