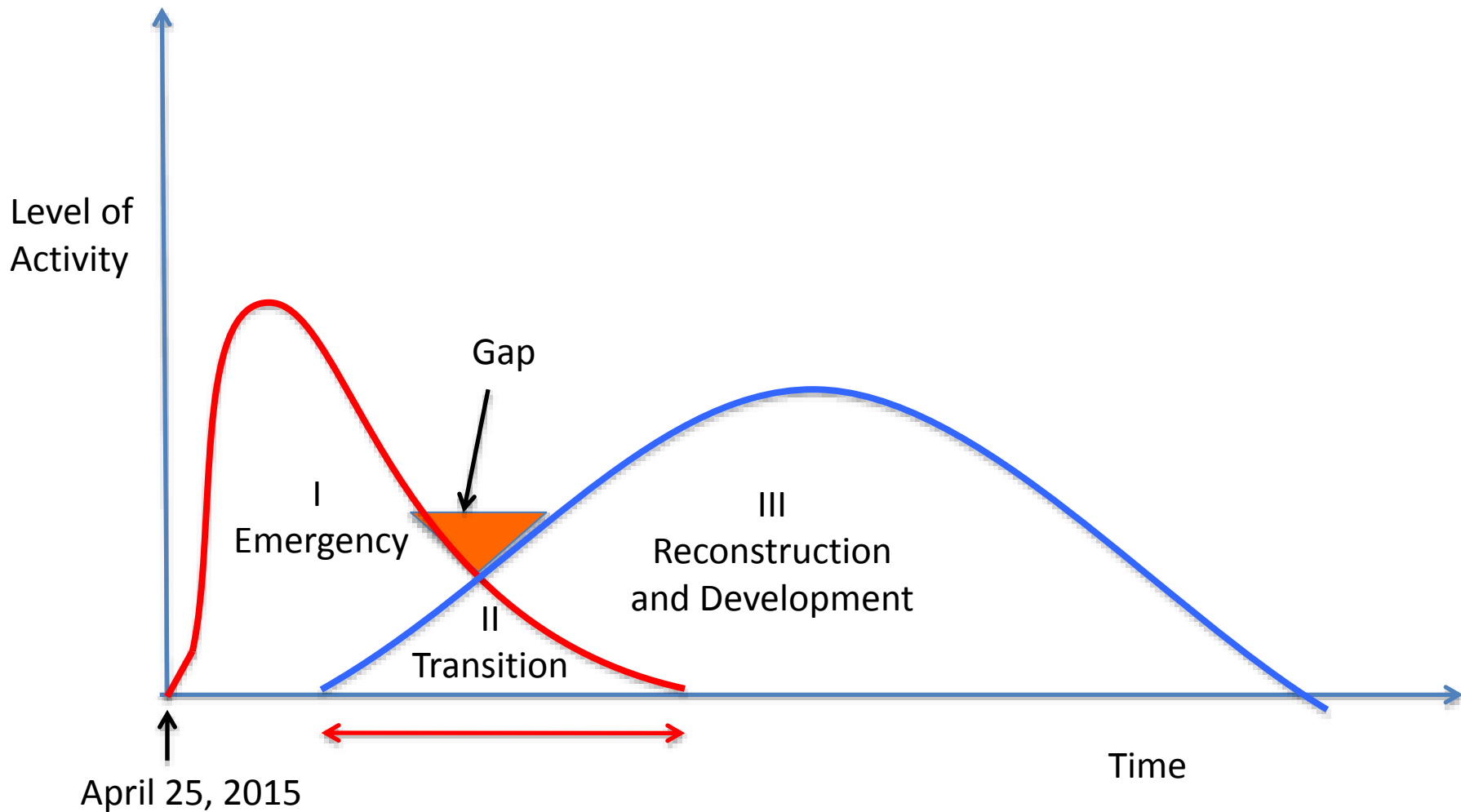


Post Earthquake – Initial thoughts for Recovery and Reconstruction

Local Donors' Meeting, 15 -05 – 2015
Ministry of Finance



Adapted from: Managing Post Disaster Reconstruction Finance, International Experience in Public Financial Management, Wolfgang Fengler, Ahya Ihsan, Kai Kaiser

- PDNA
- Institutional Arrangements to carry out the R & R
- Early thoughts on structuring the R & R strategy
- Mechanisms to carry out the Donor's meeting

People are waiting

- Government is under increasing all-around pressure to act quickly - delay will only necessitate adhoc decisions not commensurate with long term R & R plans

New FY is approaching

- Government needs a reliable figure of international assistance to manage resources for R & R requirements for the budget next year and beyond

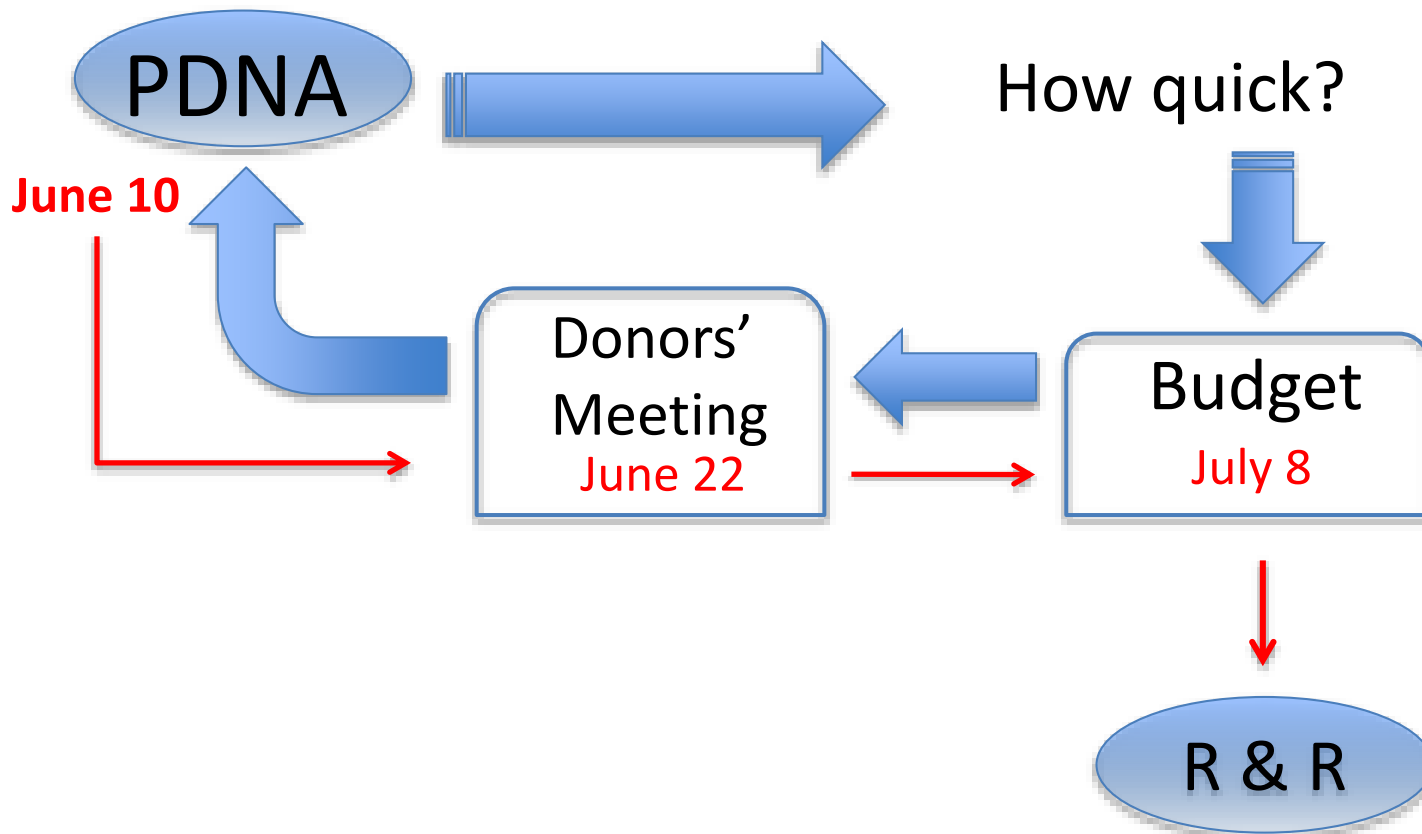
Unplanned interventions are mushrooming

- In the absence of early announcement of a comprehensive rebuilding and recovery plan, unplanned sporadic interventions are being announced by individuals and agencies

Time is of Essence

International attention may wean away with further passage of time – Nepal may lose its position of advantage for international resource mobilization

Build Back Better → Build Back with Speed



Institutional Setup

As testified by the study of post disaster reconstruction programs in different countries, **the success or failure of a reconstruction largely depends** on the ability of the State to tackle the governance issues in reconstruction

(Harvey 2009)

States which were pro-active towards tackling governance issues through appropriate mechanisms could build back better and the others missed the window of opportunity provided by the disaster (Foley 2007 ; Wong 2008 ; Price and Bhatt 2009 Cochrane 2008 ; Elhawary and Castillo 2008 ; Fagen 2008 ; Willitts-King 2009)

There are three options: (a) creating a totally new organization, (b) creating a dedicated organization drawn from existing line ministries and (c) managing the reconstruction through existing government organizations (Jha et al. 2010)

But the question is, whether normal intuitional mechanisms designed for incremental change are capable of coping with the situation of recreating an entire city, or region in a short time (Thiruppugazh, 2014)

Although at times weakly designed EOMs have failed due to non-integration with the main set up and due to the rivalry with existing organizations, **their alternatives**, the existing organizations are more susceptible to failure - as they suffer from

- sluggish decision making,
- lack flexibility,
- lack expertise and motivation,
- have poor and overly delayed procurement and,
- are prone to problems of multiplicity of organizations resulting in lack of co- ordination

(Schneider 1995; Jha et al. 2010; Olshansky et al. 2012; Neal and Phillips 1995).

EOMs were set up to overcome the time consuming “bureaucratic norms”. The EOMs set up after Guatemalan earthquake 1976, Orissa Super cyclone 1999, Bam Earthquake 1993, Jammu & Kashmir earthquake 1995, Haiti earthquake 2010, Tōhoku earthquake and tsunami and Fukushima Daiichi nuclear disaster in 2012

Similarly, successful examples are seen around Nepal for Maharashtra EQ 1993, Gujarat EQ 2001, Tamil Nadu Tsunami 2004 (Thiruppugazh, 2014), Pakistan EQ 2005 (E. Ferris, 2009), Weizhou town in Wenchuan Country in China, EQ 2008 (Lixiong Liu *et al.*, 2013)

Points to be considered in parallel to PDNA exercise

- Is a strong central coordinating body needed in our case, to drive the R & R process, or we rely in existing mechanisms ?
- If it is established, what will be its composition, to what levels ? Who heads at the political level and at the Executive level ?
- Do we need to fortify this institution with a powerful legislative mechanism like a Reconstruction and Recovery Act, a different incentive scheme for staff, etc. ?
- How do we involve the line ministries ? Can we form a special R & R Division inside ministries/ departments to undertake local level implementation ? How do we avoid double accountability in such case ?

Early thoughts

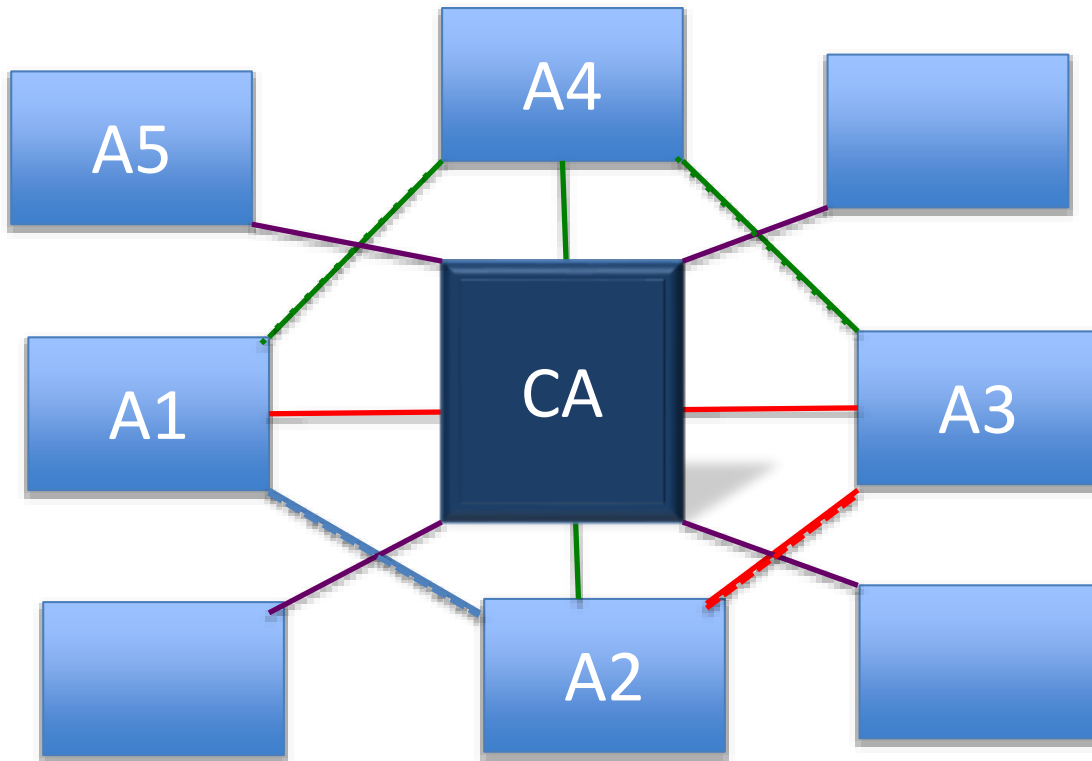
- Disaster is predominantly rural- recovery needs a strong rural focus
- Rebuilding should extend beyond replacement – Build back Better (or Smarter) – densification of settlements, integrating housing with schools and medical facilities, etc.
- There is a substantial urban and peri urban damage and rebuilding is challenging – needs a different approach . Cost may be higher to rebuild compared to rural R & R
- Archaeological sites, Government buildings and rebuilding of facilities requires a different approach,



- Rural damage
- Urban and peri-urban damage
- Archaeological damage
- Govt. Buildings
- Other infrastructure

Restoration of trade, livelihood, finance and tourism

- ✓ Strong, capable, motivated central agency to coordinate this



.....To Conclude

We will start with PDNA as a pledging document rather than a comprehensive program assessment – teams are already out in the field collecting information

Institutional arrangement is key to success of R & R program, we must start thinking on this

R & R requires a multi-approach due to complex nature of urban - rural - archaeological mix

We must set up a management committee to manage the Donors Meeting jointly between MoF and Local Donors

Thank You