

Expenditure Analysis & Tracking of Earthquake Reconstruction Programmes (A case study)



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Outline



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Background



The devastating earthquake measuring 7.8 on the Richter scale struck Nepal on 25 April, 2015 causing a huge loss of lives and property.

More than 500,000 houses were completely destroyed. The earthquake severely impacted 14 districts (Kathmandu, Bhaktapur, Lalitpur Kavrepalanchowk, Sindhupalchowk, Dolakha, Ramechhap, Okhaldhunga, Dhading, Gorkha, Makawanpur, Rasuwa, Sindhuli and Nuwakot) where about 5.4 million people live.

Rationale



Rural areas of many districts hit by the quake; Government of Nepal (GoN) and many INGOs/NGOs are pouring their funds into affected district for the reconstruction of damaged houses and infrastructure.

National media and general public are in doubt whether the funds are being reached/utilized properly.

International media also has raised questions on cash transfers.

Objectives



- To identify the process of how the fund flows for earthquake reconstruction programs from center to beneficiaries
- To analyze and track expenditures
- To assess the effects and to highlight the issues.
- To recommend improvements for enhancing effectiveness

Methodologies



- **Literature Review**
 - Reviews of the government legal procedure
 - Budget Speech 2074-75
 - Economic Survey 2073-74
 - Red book 2074-75
 - Earthquake Affected Private House Reconstruction Grant Distribution Procedure 2073
 - Newspapers
- **Field Survey**
 - Meeting with authorities – MoF, NRA, FCGO, Division physical planning office, Municipality
 - Coordination with victims
 - KII, FGD
- **Location – Kavre, Namobuddha Municipality**
- **Respondents: 20 households**

Norms



1 Eligibility Identification

Data collected by CBS

House/individuals not having other houses for residence

Victim ID issued by CBS data collection team

2 Designs

- Approved design from NRA
- Construction as per approved design only
- Compliance to existing housing norms
- Establishment of Norm Determination Committee
- Unit offices provide construction designs
- Enter into Agreement
- Supervision by District Project Implementation Unit (DPIU) or Local Bodies technical staffs

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3 Grant Agreement and Fund Administration

A. Agreement:

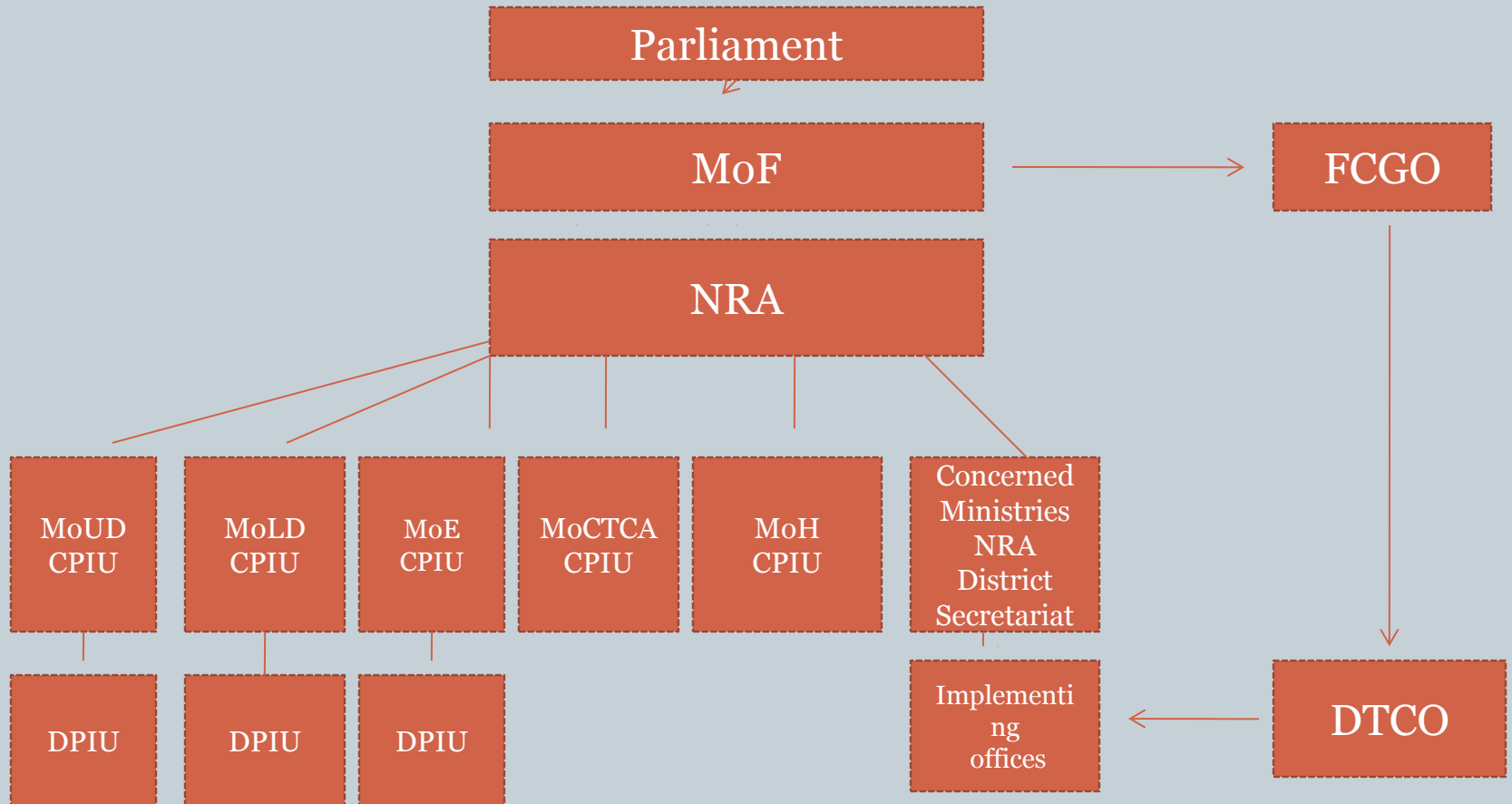
- Release fund to DPIU through CPIU under MoLD
- DPIU provides victims' name list to the Banks (agreement between local bodies and victims)
- First tranche – Rs. 50,000, Second tranche – Rs.150,000, Third tranche – Rs.75,000 and Rs. 25, 000 for toilets and alternative energy.
- No additional cost other than Rs.300,000 and Rs. 100,000 (in case of retro)
- NRB provision for loan without interest (on constructing house mortgage)
- Loan from banks and financial institutions on concessional interest rate
- Ensure construction on loan (group mortgage) through NRB
- Grant to be used only in house construction
- Documentation of agreement, cost statement to be maintained in DPIU, DDC office and periodic reporting to PIU under MoLD and NRA.
- Provision of redresses on ambiguity (grievances and procedural problems)

Contd..



- B No grants for individuals having assistance for construction from national/international organizations
- C No grants for multiple houses owned by individual, grant for only one house construction (applies in case of retro also)
- D Grant for temporary house construction to government occupied private areas.
- 4 Assistance to make construction material available
 - a. Establishment of Construction Material Supply Management and Facilitation Committee headed by Chief District Officer (CDO)
 - b. Supervision by NRA's district coordination secretariat
- 5 Establishment of DPIU
- 6 Training on Skill Development and Capacity Building at local levels
- 7 NRA direction to all concerned parties, they need to comply.
- 8 Punishment- in case of false statement and false recommendation (cancel agreement)

Fund-flow





Expenditure Analysis

Central Budget: National Reconstruction Authority Fund (Rs. In “000”)

Source: MoF

Year	Heading	Starting Budget	Actual Budget	Expenditure	Balance	Utilization %
2072/73	National Reconstruction Authority Fund	74,000,000.00	81,221,000.00	22,475,670.00	58,745,330.00	27.67
2073/74	National Reconstruction Authority Fund	83,834,039.00	112,579,442.00	49,415,167.00	63,164,275.00	43.89
2074/75	National Reconstruction Authority Fund	145,934,940.00				
	Growth (%)	74.08				

Institutional/Individual Grant



Year	Starting Budget	Actual Budget	Expenditure	Balance	Utilization %
2072/73	33,000,000.00	35,221,000.00	14,386,688.00	20,834,312.00	40.85
2073/74	45,367,408.00	52,917,408.00	35,331,440.00	17,585,968.00	66.77
2074/75	63,337,017.00				
Growth (%)	39.61				

Public Construction



Year	Starting Budget	Actual Budget	Expenditure	Balance	Utilization %
2072/73	22,000,000.00	21,341,158.00	890,412.00	20,450,746.00	4.17
2073/74	7,747,124.00	12,258,155.00	2,461,151.00	9,797,004.00	20.08
2074/75	20,760,777.00				
Growth (%)	167.98				

Building Construction



Year	Starting Budget	Actual Budget	Expenditure	Balance	Utilization %
2072/73	17,000,000.00	23,712,641.00	6,479,692.00	17,232,949.00	27.33
2073/74	24,848,512.00	40,203,312.00	8,240,666.00	31,962,646.00	20.50
2074/75	47,632,539.00				
Growth (%)	91.69				

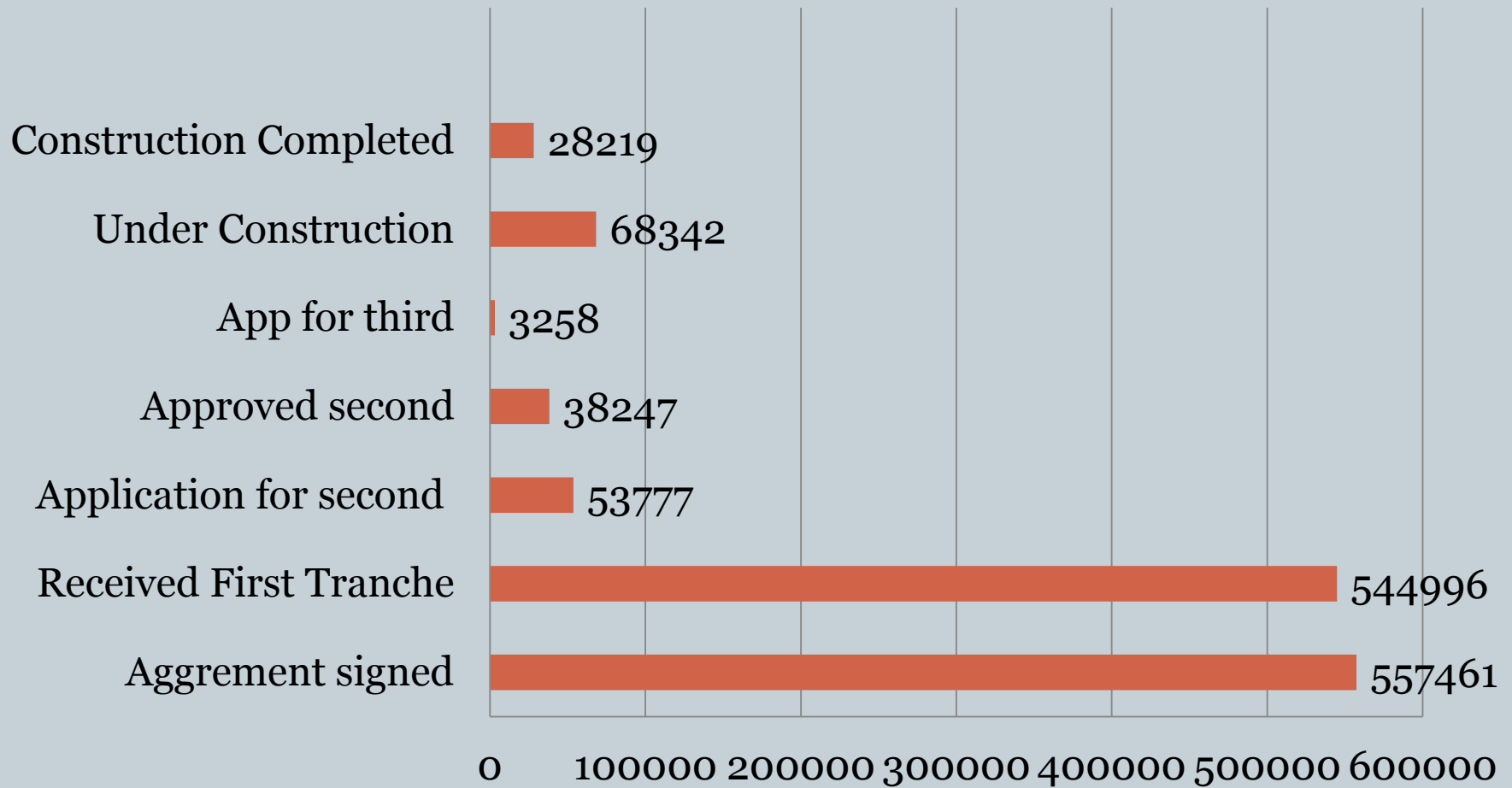
Others



Year	Starting Budget	Actual Budget	Expenditure	Balance	Utilization %
2072/73	2,000,000.00	946,200.00	718,878.00	227,322.00	75.98
2073/74	5,870,995.00	7,200,567.00	3,381,910.00	3,818,657.00	46.97
2074/75	14,204,607.00				
Growth (%)	141.95				

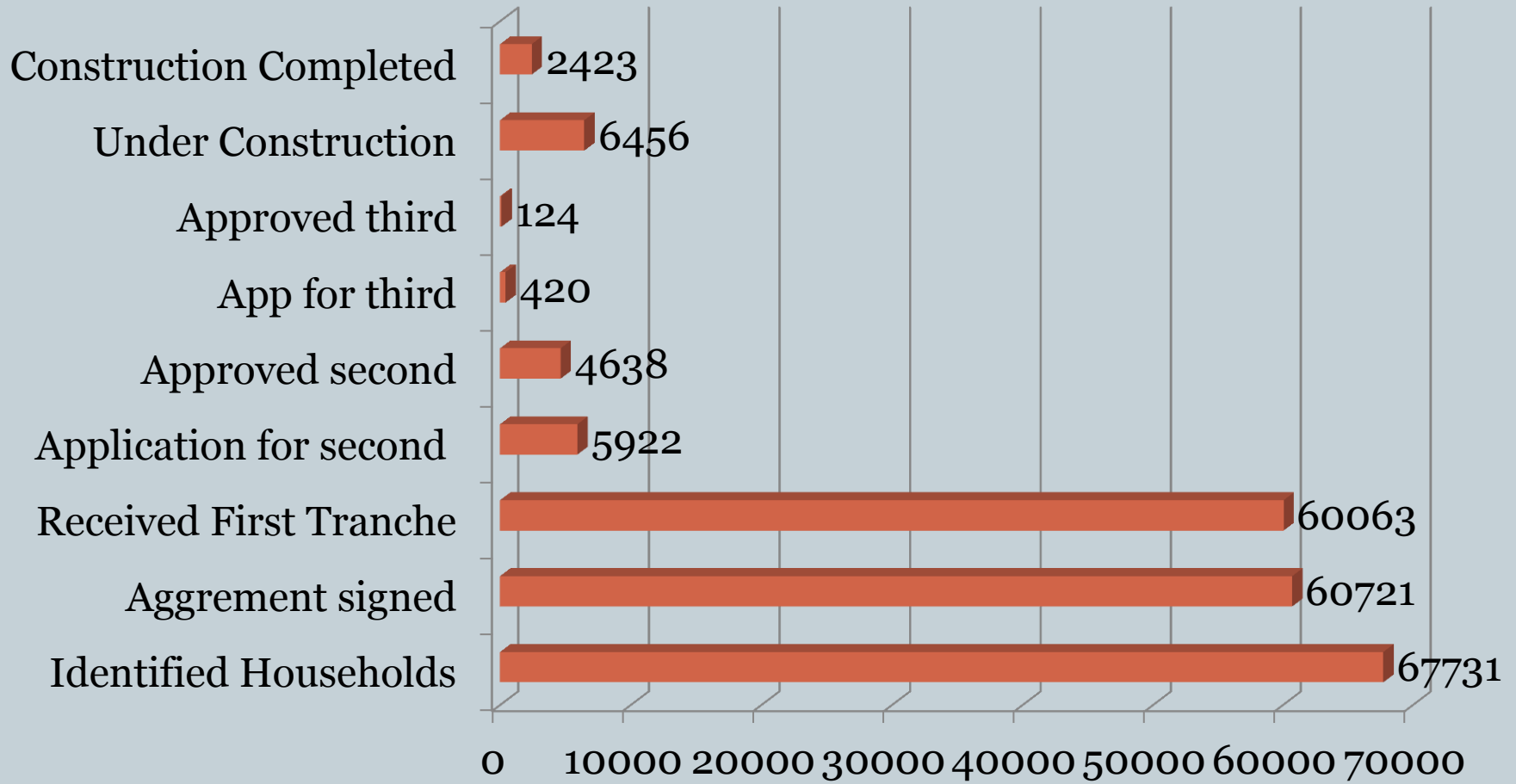
Tracking earthquake affected households , tranches and status (14 Districts)

Source: Central Level Project Implementation Unit/ MoLD



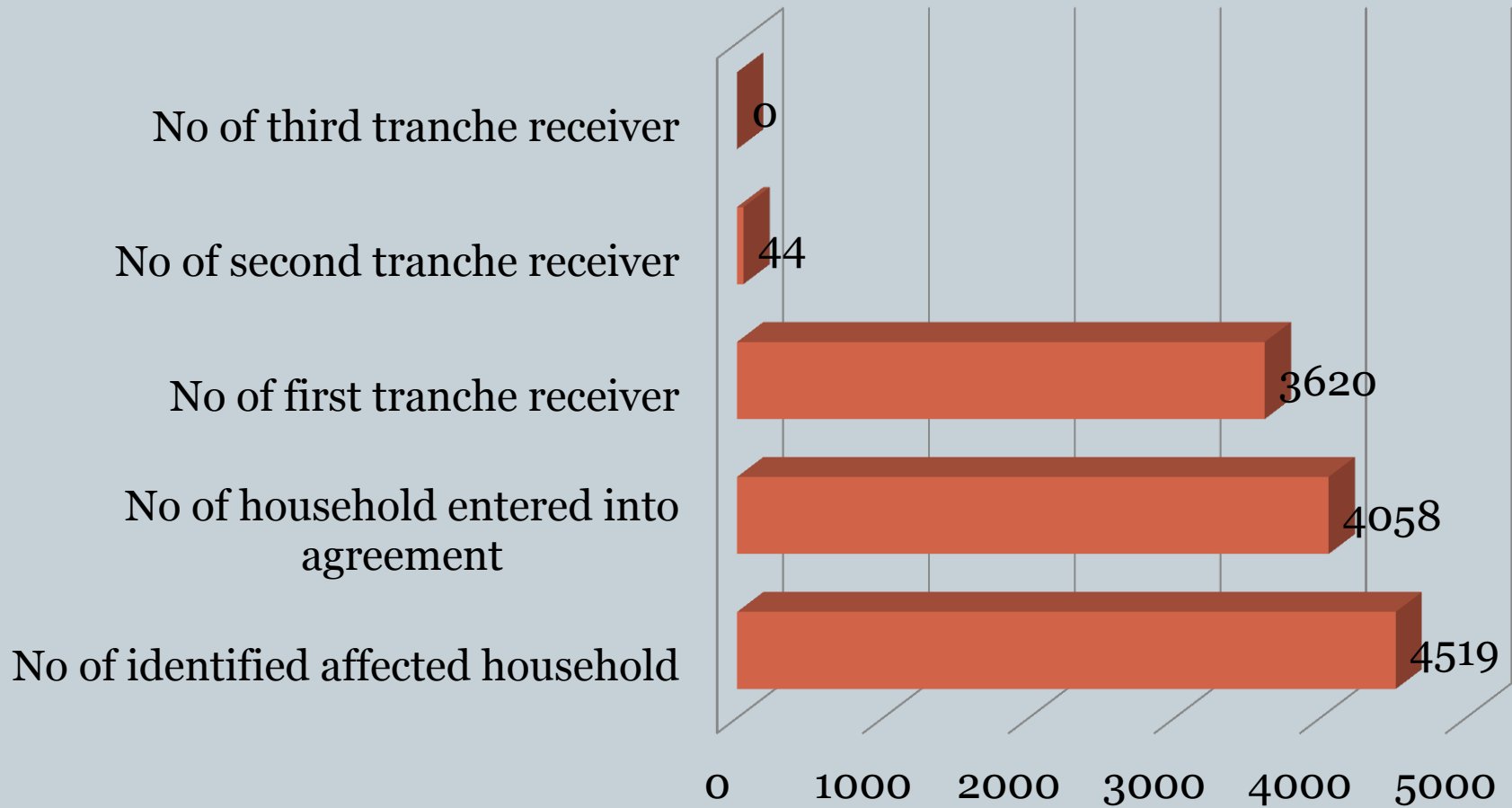
Tracking earthquake affected households , tranches and status in selected district (Kavre)

Source: Central Level Project Implementation Unit/ MoLD



Tracking earthquake affected households , tranches and status in Namobuddha Municipality

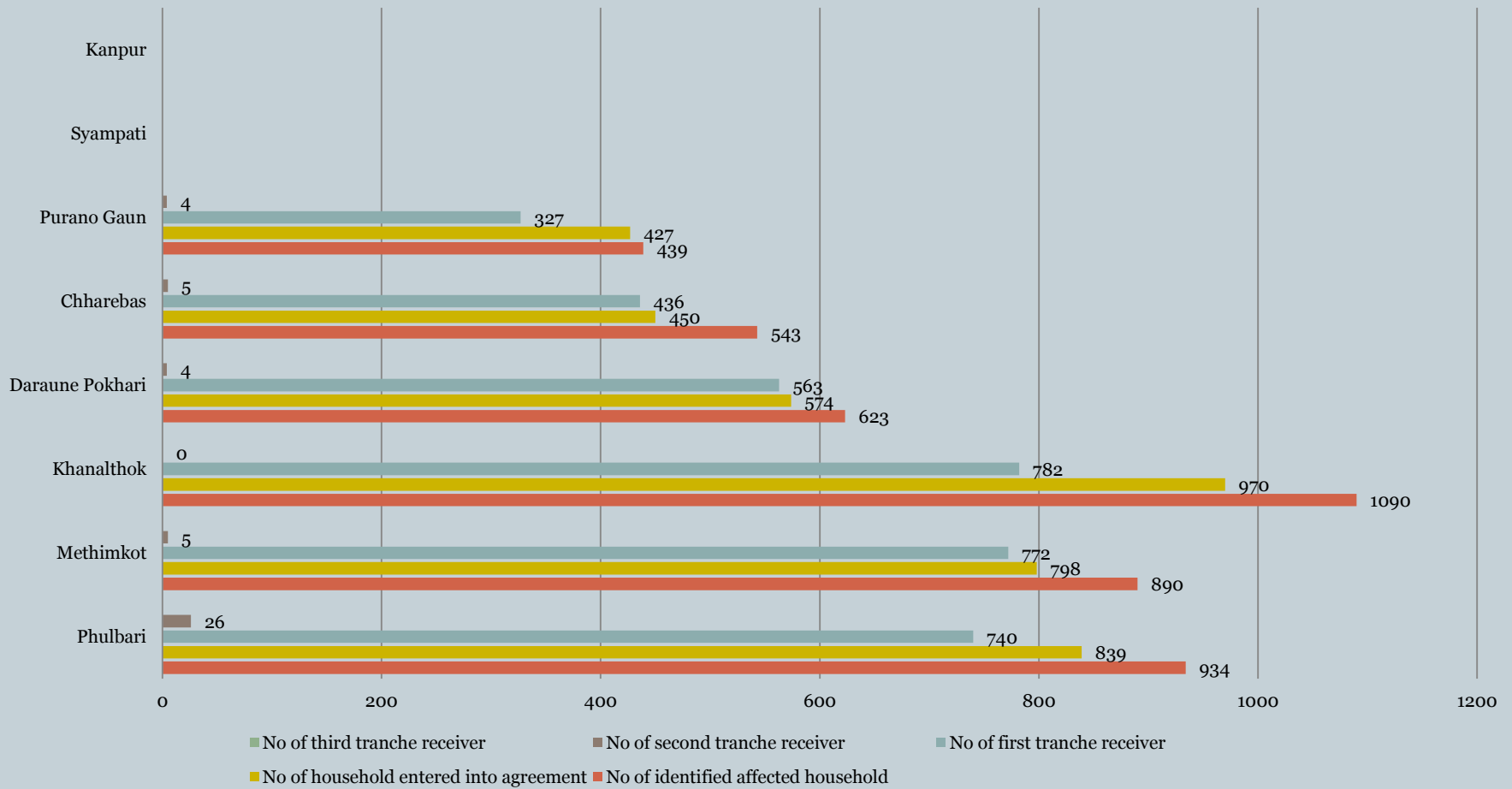
Source: Namobuddha Municipality



Tracking earthquake affected households , tranches and status

Namobuddha Municipality –Ward wise

Source: Namobuddha Municipality



Facts: (Central)



Significant increment in resource fund (**74.08%**)

Below average expenditure (43.89%)

Slow expenses in public construction and building construction (just around 20%)

High allocation in others (**141.95%**)

Agreement entered (more than 88%)

First tranche receiver (97.7%)

Application for second tranche (9.6%)

House construction completed (5%)

House under construction (12%)

Facts: Kavre



Kavre District:

Agreement entered (89.6%)

First tranche receiver (99.0%)

Application for second tranche (10%)

Minimum house construction completed (4%)

House under construction (11%)

Namobuddha Municipality:

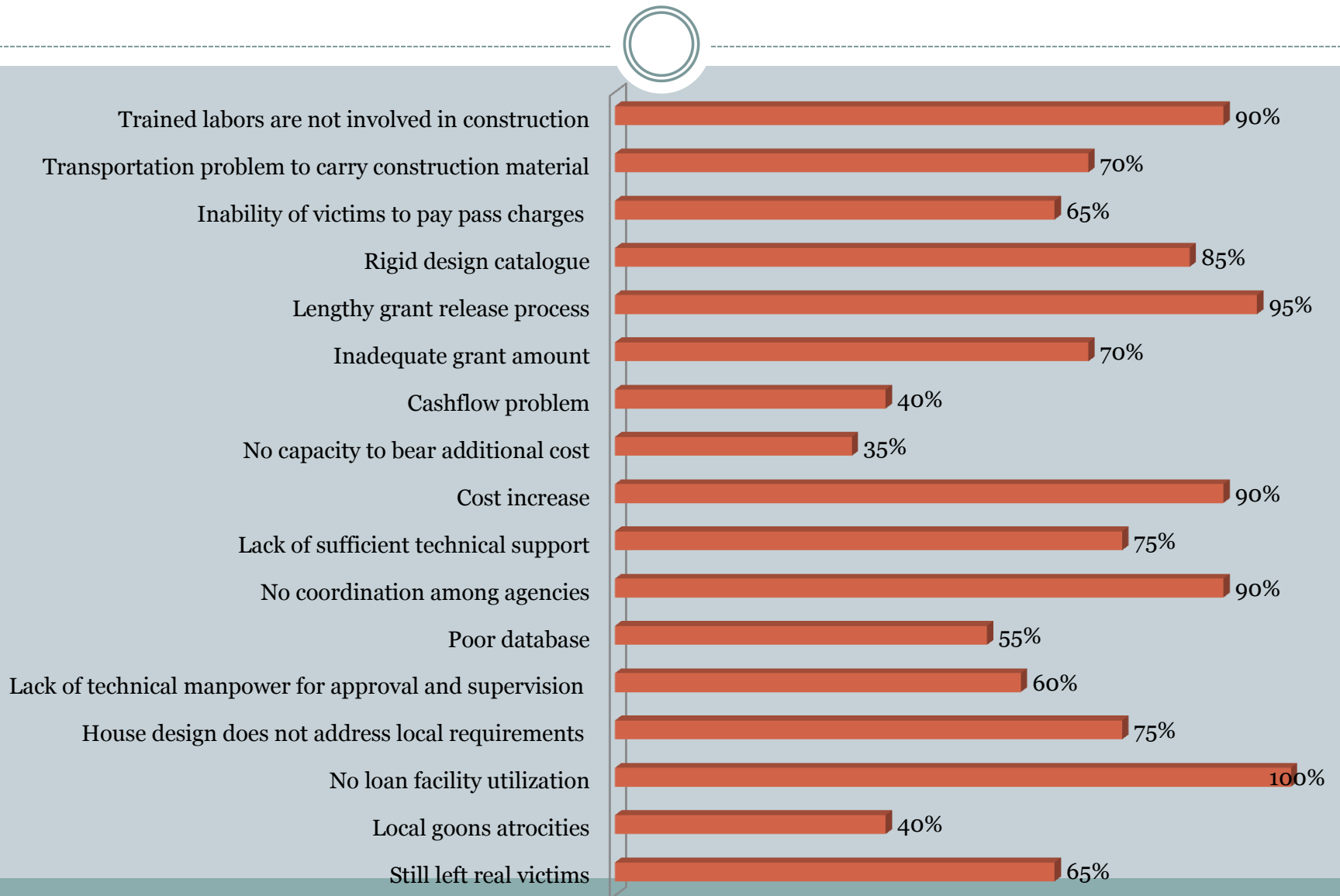
Agreement entered (89.7%)

First tranche receiver (89.0%)

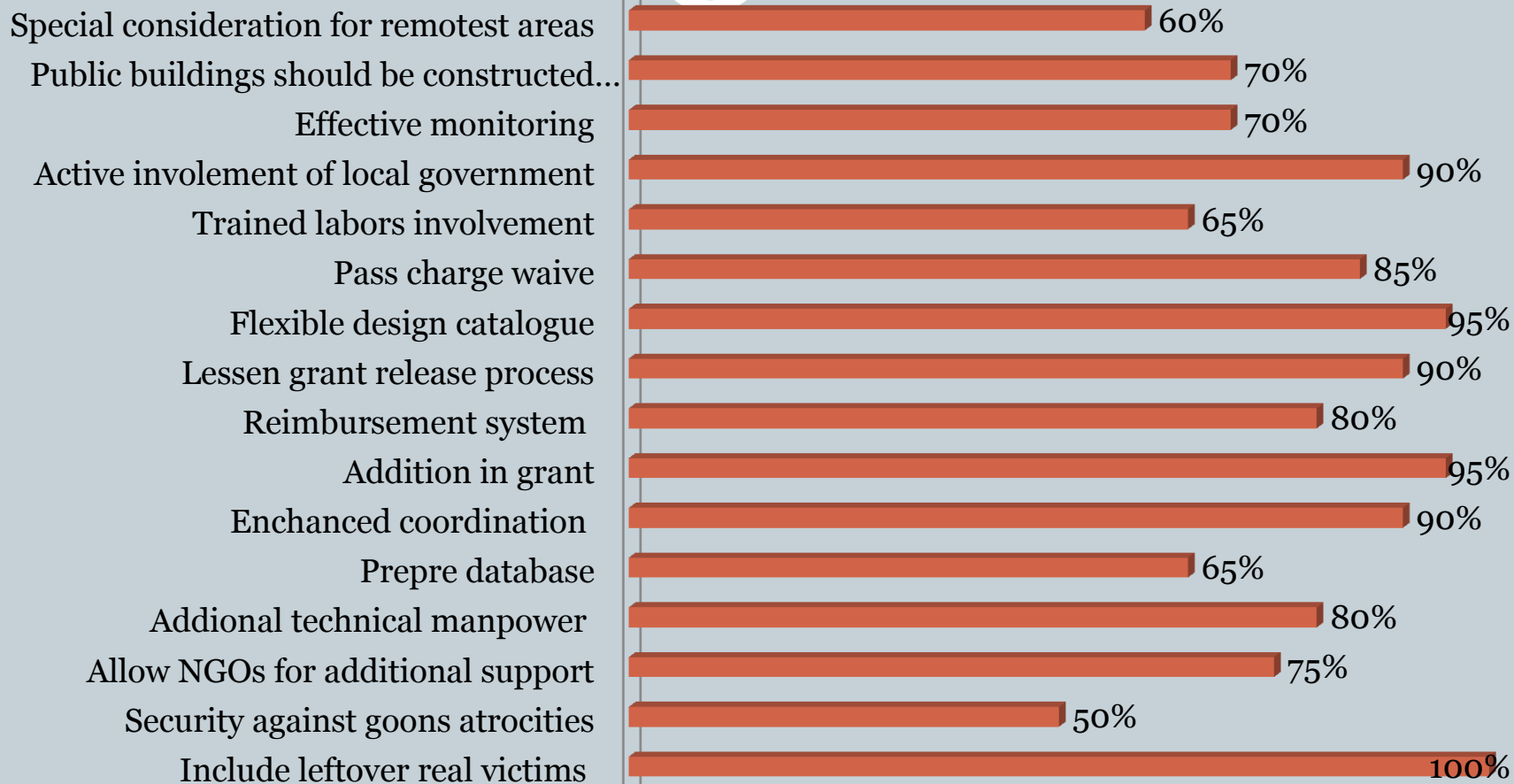
Second tranche receiver (1.2%)

Third tranche receiver (0%)

Issues raised



Suggested measures for effective implementation



Annex : Samaritan's Purse Case (Methinkot)



Samaritan's Purse in technical support of State Fast, US is building houses for victims

Status:

Construction of house by Earth Bag (popularly known as "Bora Ghar")

Agreement with NRA

Selection Criteria:

Ultra poor

Single women

Old aged (60-75)

Disabled

Chronics

Child horded

Grant not received from NRA

Contribution by community:

50 days per house

Stones for soling

Old usable wooden materials

Soil carrying

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Operation:

Initial household identification – 255

Construction – (In plan 288), (221 completed), (14 under construction)

Time taken 30 days per house (constructed 90 houses in a month)

Total cost Rs. 700,000/per house (on average) – variation due to transportation cost

Approved NRA design

Follow NGO guidelines

Challenges:

Permission from NRA, DDC, Municipality

New Technology

Availability of good soil

Skilled labour

Self contribution in colouring, electricity, toilet construction