

Seventh Monthly Forum

IMPACT OF POST EARTHQUAKE RECONSTRUCTION ON THE ECONOMY

EVENT REPORT

KATHMANDU, 20 December 2017: South Asia Watch on Trade, Economics and Environment (SAWTEE) organized a discussion program titled “*Impact of Post Earthquake Reconstruction on the Economy*”, here, today.

Despite the damages worth billions of rupees, the 2015 earthquake did not affect Nepal’s economy in a fundamental manner, pointed out Dr. Yuba Raj Khatiwada, former Vice Chairman, National Planning Commission while making a presentation to provide an overview of the medium to long term impact on the economy at the discussion forum.

This is a seventh discussion forum organized by SAWTEE under the project ‘*Initiating dialogue on Post Disaster Reconstruction Experience*’ undertaken with support from The Asia Foundation (TAF).

Dr. Khatiwada pointed out that the economy seemed to have stagnated in the subsequent fiscal year, that is 2015-16, but the border blockade of that year also affected the economic activities which manifested as marginal growth that year.

He suggested that there exist both fiscal and monetary space for accommodative macro policies to expedite reconstruction, and it may be necessary to resort to deficit financing for reconstruction, as capital constraints would otherwise hinder the economic growth process and perpetuate low-investment-low growth-low saving-low investment cycle.

Likewise, he recommended that it is better for government to finance the reconstruction through grants than from concessional loans to prevent country from falling in debt stress due to debt accumulation.

He attributed slow pace of reconstruction to the regulatory hassles and problems with coordination among the responsible government agencies.

Dr. Yuba Raj Bhusal, CEO of National Reconstruction Authority (NRA), said that the impact on national economy may be negligible but distress on the individual household level is severe and has further amplified the magnitude of vulnerability of many.

Referring to housing reconstruction activities, he pointed out that the NRA is targeting to complete the construction of 450,000 houses by the end of this fiscal year. Further, to expedite the process they will mobilise personnel to solve the problems that has slowed down the pace.

Dr. Bishnu Dev Pant, Executive Chairman of Institute of Integrated Development Studies, emphasised that more skill development training is necessary to meet the labour shortage and to tackle exodus of Nepali workforce for the benefit of all.

Dr. Shankar Sharma, former Vice Chairman of National Planning Commission, also pointed out that reconstruction activity does not take place overnight and although it is slow right now it will gather pace eventually.

Some 30 participants from various organizations, including research institutions, experts, activists and development partners, participated in the event.

SAWTEE has undertaken similar discussion forums related to post-disaster reconstruction under themes such as “Nepal Post Disaster Reconstruction Experience: Current Status and Lessons learnt”, “Migration and Labour Dynamics in Post Disaster Nepal”, “Expenditure Analysis and Tracking of Post-Earthquake reconstruction programmes”, “Rebuilding Safer Urban Spaces” , “Post-Disaster Conflict Resolution Mechanism” and “Unpacking and Operationalizing Resilience”.