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Household Livelihood Recovery after 2015 Nepal Earthquake in Informal Economy: Case Study of Shop Owners in Bungamati

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Abstract

The 2015 earthquake caused widespread damage in Nepal causing monetary loss of billions of dollars. Majority the households in Nepal are engaged in informal sector and relies heavily on local market and tourism. In Nepal, livelihood and households are not only linked through livelihood, built space, goods and services, but also through culture and traditions. As a result, understanding their linkage is important for effective recovery to further facilitate strengthening of community resilience. This article focuses on household and livelihood recovery within the first two years of the earthquake in traditional settlements Bungamati. Participatory mapping followed by narrative analysis of the interviews is used for understanding the linkages. Narrative analysis of the field interviews conducted with the shop owners generated six types household assets. Further, these assets were linked with the various coping strategies in the post disaster situation. The findings suggest three main type of coping strategies for livelihood recovery namely; Intensifying use of capitals, dependency on social capital and mitigate consumption and expenditure.

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1. Introduction

The 2015 Gorkha earthquake caused extensive damage to Nepal's economy at a juncture when the country is in a transition from a rural to an urbanizing economy. The earthquake caused a loss of approximately 7 billion US dollars, affecting the productive sectors and markets in Nepal [1]. In Nepal, informal economy is growing faster than

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the formal economy and is the main generator of livelihood [2]. Statistically, the largest share of Nepalese enterprises are family and micro enterprises, majority of which are part of informal sector and combined with informal farming form part of the informal economy [3]. The informal sector denotes family enterprises and micro enterprises and workers working there and has wage, whereas informal economy covers all types of economic activities outside the formal sector where the informal sector is one of the significant components and presence or absence of wage is not considered a factor. Further [4] defines informal sector as households with at least some market production. Informal sector livelihood is generally associated with low social protection, low wages, poor working conditions, limited access to insurance and government's disaster management benefits and compensations [4, 5]. As a result, households having livelihood in the informal sector are highly vulnerable to natural disasters. In Nepal, Post Disaster Need Assessment acknowledged that the informal sector was one of the most affected sector but, due to lack of data, the extent of damage was not assessed [1].

[6] defines economy as livelihood or economic process of provisioning embedded in social relations. Considering household as the basic unit of the society, such social relations originate at the household level. In informal economies, household play dual role of a producer and a consumer and is linked with livelihood by circular income flow. Disaster impacts the circular income flow of the household. Hence economic recovery along with housing recovery and psychological recovery contributes to household recovery [7]. [8] reports, household identify livelihood as their greatest recovery priority. On the other hand, past researches on disaster recovery indicate reconstruction being prioritized over livelihood recovery [9]. Echoing [10], such contradictions beg for a detailed study to understand the household livelihood recovery process in informal economy. Nepal with its high dependency on the informal economy and earthquake in 2015 provided an opportunity to study the recovery process from the initial phase.

The research takes a qualitative case study approach in its attempts to understand the process of household livelihood recovery in informal economy in the first 2 years after the earthquake. Bungamati, a traditional Newari settlement in Kathmandu valley is selected as the study location. The area has developed into a market center and tourist destination due to its cultural heritage, Newari architecture and handicrafts. The article is divided into seven sections where the first section introduces the topic, the following two sections cover the theoretical framework of household and livelihood recovery, characteristic of Newari community and methodology of the study. Section 4 and 5 introduces the case study area and findings while the last two sections discuss the major findings and concludes the study. It is expected that the outcome of the paper will aid policy makers in designing disaster recovery interventions for informal economy addressing their real needs.

2. Conceptual Framework for Household and Livelihood Recovery

This section focus on analysis of various literature on household and livelihood recovery to develop a conceptual framework for the study in Bungamati. This need arises from the study by [11] suggesting that Nepalese livelihood scenario is complex and applying various models may lead to different outcomes, as they do not relate to local conditions and community behavior. Furthermore, [12] concluded livelihood diversification varies with local conditions and should be studied in the local context.

Scholars of disaster management though agree on the definition of disaster by United Nations but are divided over disaster recovery outcome. [13] considers disaster recovery as attaining pre-disaster status, while [14] relates it to build back better. [15] opine recovery is a never-ending dynamic process varying across time, space and perception. [10] adds that this process leads to a new stable state distinct from the pre-disaster state. Agreeing to [16] understanding of disaster recovery as “*social process*”, the above-mentioned three outcomes of the recovery process represent different stage of the process and this will vary with every disaster. [17] connects recovery to resilience and critics that existing indicators for business resilience and recovery are insignificant and do not give a holistic understanding due to lack of data.

[18] defines livelihood as “capabilities, assets (including both material and social resources) and activities required for a means of living”. [12] further elaborates that livelihood comprises of both incomes in cash and in kind. Considering a growing trend among Nepali households to rely on multiple income sources which necessitates to widen the scope of circular income flow by replacing the word “Business” with livelihood. In line with [19], households owning farms and non-farm enterprises are struck twice, once at household level and then in their

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