

Cost of Construction, October 2017

In October 2017, the HRRP District Coordination Teams (DCTs) spoke by telephone with 570 households who had previously taken part in Inter-Agency Common Feedback Project surveys to collect data on construction costs. They asked three questions:

- How much did your house cost / do you estimate it will cost?
- What building materials did you use / are you planning to use and have you salvaged materials?
- Do you plan to / have you already taken a loan and if so for how much, from what type of financial institution, and at what interest rate?

The information provided by the respondents provides indicative data only as it is not a statistically representative sample size. However, it offers useful insight into the financial aspects of reconstruction around which there is a limited amount of existing data.



570 respondents, who had previously responded to Inter-Agency Common Feedback Project surveys, contacted by phone by HRRP District Coordination Teams.



The median cost to build a house is **675,000 NPRs** (approx. \$6,750)



Costs range from **50,000 NPRs** (approx. \$500), for repair in Makwanpur, to **6,500,000 NPRs** (approx. \$65,000), for construction of RCC houses in Nuwakot and Kathmandu



57% of respondents have, or will, build using **stone masonry** and the median cost of stone masonry houses is **550,000 NPRs** (approx. \$5,500)



56% of respondents (321 households) have taken, or are planning to take, a loan to finance the reconstruction of their home.



The **average interest rate is 23%** (annual), ranging from 0% (three respondents had taken interest free loans from neighbors / relatives) to 43% (from friends / relatives, and one cooperative).



On average, **the loan amount represents 50% of the total construction costs**, ranging from 15% to 125% of the total cost.

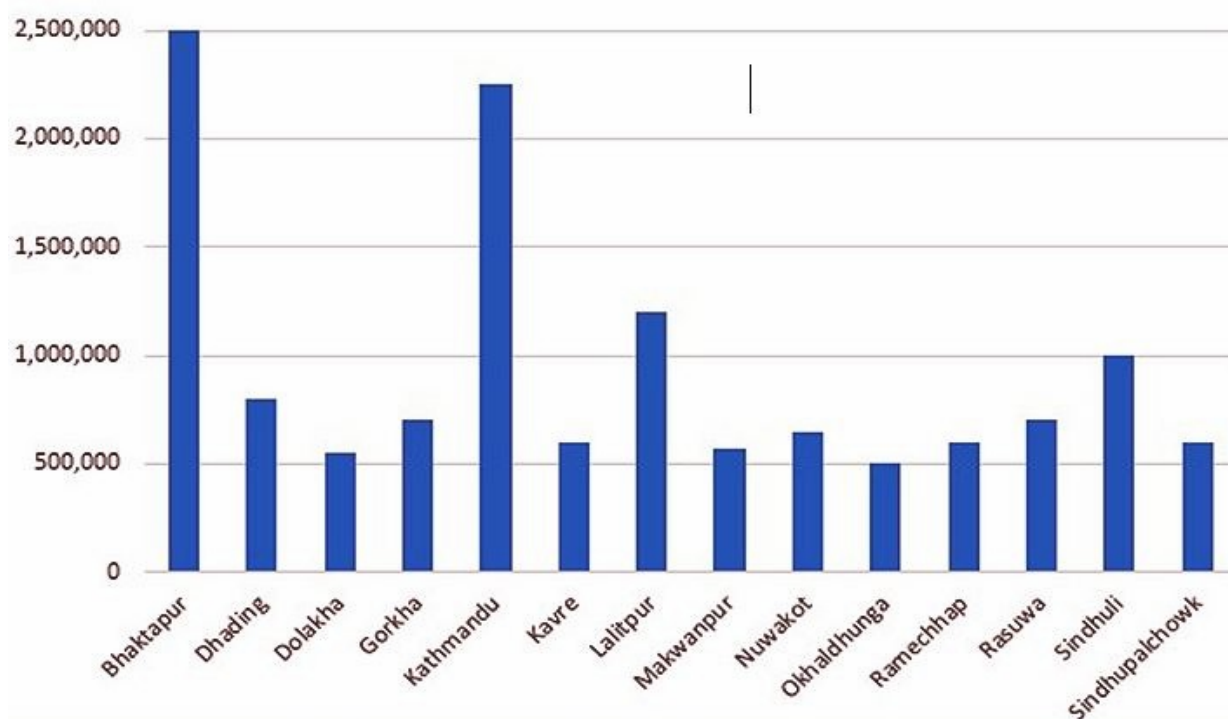


57% of loans were taken from **friends / relatives / neighbors**.



Respondents (both in Kathmandu) reported that they had received the **GoN subsidised loan at 2% interest**.

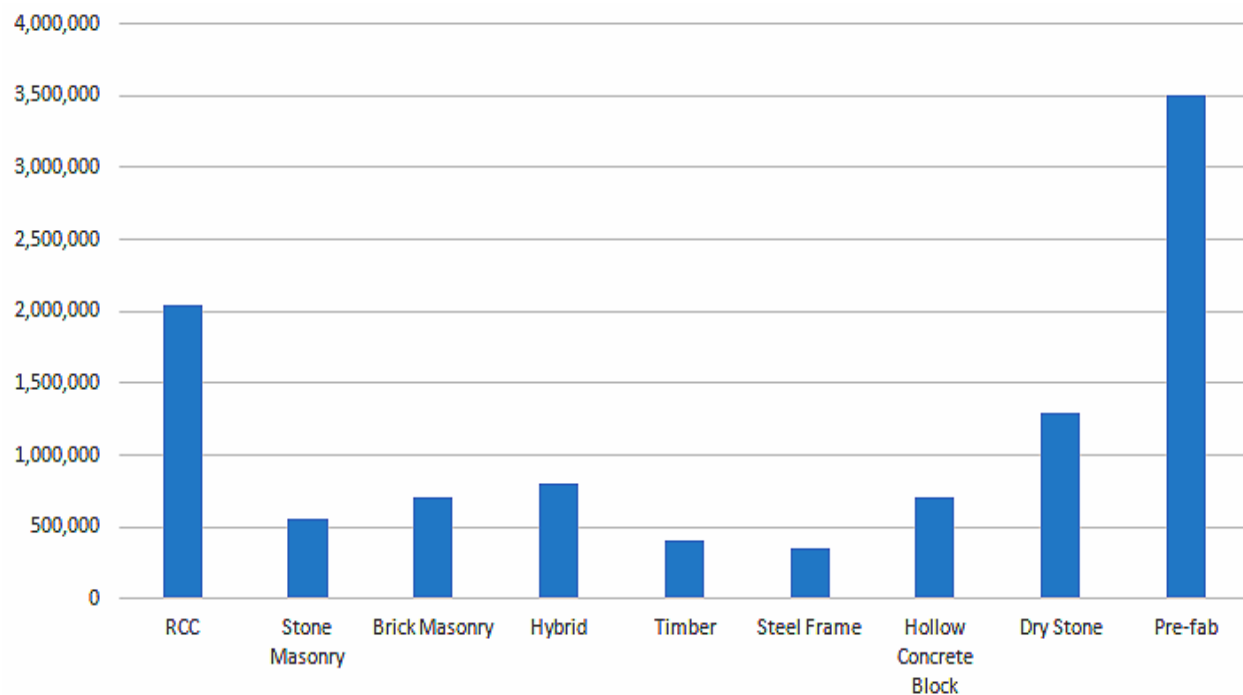
Median¹ Construction Costs², 14 Most Affected Districts



District	Median (NPRs)	Lowest (NPRs)	Highest (NPRs)
Bhaktapur	2,500,000	700,000	4,200,000
Dhading	800,000	200,000	2,500,000
Dolakha	550,000	300,000	2,600,000
Gorkha	700,000	150,000	3,500,000
Kathmandu	2,250,000	200,000	6,500,000
Kavre	600,000	300,000	3,000,000
Lalitpur	1,200,000	75,000	6,000,000
Makwanpur	575,000	50,000	3,200,000
Nuwakot	650,000	200,000	6,500,000
Okhaldhunga	500,000	250,000	1,400,000
Ramechhap	600,000	300,000	3,500,000
Rasuwa	700,000	300,000	1,700,000
Sindhuli	1,000,000	700,000	1,600,000
Sindhupalchowk	600,000	280,000	4,000,000
Overall Median	675,000	265,000	3,350,000

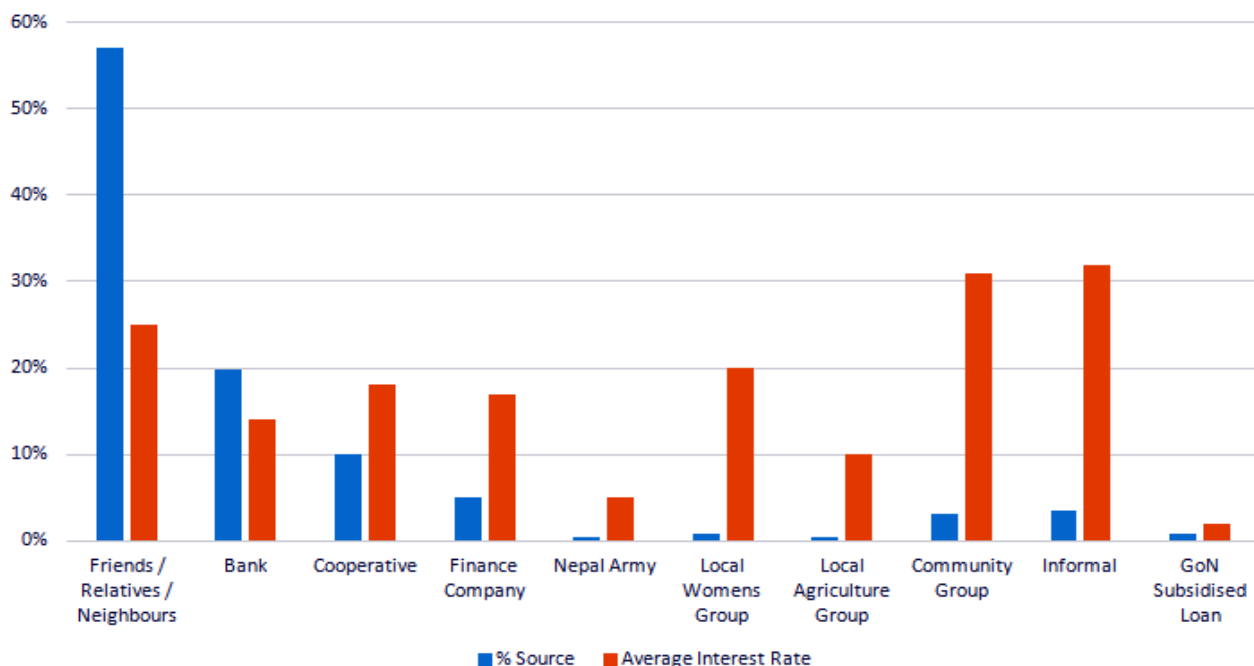
1. The median is the middle number in a given sequence of numbers, taken as the average of the two middle numbers when the sequence has an even number of numbers.
2. The construction cost refers to the total cost households report they have spent, or estimate they will be required to spend, to re-build their home.

Median Costs by Building Typology



Typology	% of houses using Typology	Median (NPRs)	Lowest (NPRs)	Highest (NPRs)
RCC	24%	2,050,000	500,000	6,500,000
Stone Masonry	57%	550,000	75,000	2,200,000
Brick Masonry	14%	710,000	250,000	2,000,000
Hybrid	0.6%	800,000	750,000	1,000,000
Timber	1.4%	400,000	300,000	650,000
Steel Truss	0.8%	350,000	150,000	400,000
Hollow Concrete Block	1.2%	700,000	300,000	1,600,000
Dry Stone	0.4%	1,300,000	900,000	1,700,000
Pre-fab	0.2%	3,500,000	3,500,000	3,500,000

Sources of Loans & Average Interest Rates



The Common Feedback Project, in their October 2017 report, highlighted that of the 25% of respondents that had completed construction of their home, 75% had taken loans to do so. As the data collected by HRRP District Coordination Teams (DCTs) indicates that the average rate of interest on loans is 23%(annual), the cost implications for households are very high. It is also concerning that many people are taking informal loans, where the consequences of missed, or non-payment of the loan may include loss of assets, including the family home. In the long term, increasing levels of debt are likely to impede households, and their communities, overall recovery.

Continuing to Document Construction Costs

This one-off piece of data collection provides interesting information but HRRP would like to continue to document the costs of reconstruction more comprehensively moving forward. HRRP would like to request Partner Organizations to support this initiative by sharing related data that they have already, or are, collecting.

A format for this has been developed and can be downloaded [here](#). We are very interested to understand what formats partners are already using to collect this type of data, and if you can share examples with us we can then work to better adapt the format to fit partners existing data collection systems. The data shared will be compiled and made available for download on the HRRP website, similar to the HRRP 4W data.

Please share the data with **Anu Prasai**, HRRP National General Coordination Officer, nco1@hrrpnepal.org, who you can also contact if you have any questions or wish to provide any feedback.