



**EXPERT GROUP MEETING ON CAPACITY-
BUILDING
FOR HOUSING THE URBAN POOR**



24-26 June 2005, Udon Thani

The State of Housing and Urban Development in Nepal¹

¹ This paper is issued without editing. Views expressed in this paper are those of the author(s) and do not necessarily reflect the views of the United Nations. Designations employed or territories defined in this paper should not be regarded as an endorsement by the United Nations of boundaries or status of any country or territory.

1. BREIF DESCRIPTION OF THE COUNTRY

Political and administrative structure

The Kingdom of Nepal is situated along the southern slopes of the Himalaya between India to the east, west and south and the Tibet region of China in the north. The country covers a total area of 147,181 sq km and stretches approximately 885 km east to west and about 193 km north to south. Nepal is a landlocked country divided into three geographical or ecological regions : the Mountains, the Hills and the Terai accommodating 7, 46 and 47 percent of the country's population respectively. These regions constitute 35, 42 and 23 percent of the total area. Administratively, the country is divided into 14 zones, 5 development regions and 75 districts. Districts are further divided into about 4 thousand (3915) village development committees (VDCs). There are altogether 58 municipalities in the country including one metropolitan, four sub-metropolitan cities and 53 municipalities. The multiparty democracy and constitutional monarchy is the present political system in Nepal.

Socio-economic profile

Nepal remains one of the poorest country in the world, with a per capita income of NRs. 20543 (US\$ 278 in 2003/4) (Nepal, HMG, CBS 2004). Nepal's population is growing rapidly at 2.25 percent per year and this is not evenly distributed across development regions and geographical regions. If the present growth rate of 2.25 percent per annum continues in the future the population of Nepal will double once again in less than 31 years., In terms of geographical regions, the Terai has the highest density (254 persons per sq km), followed by the Hills and Mountains, with 137 and 28 persons per sq km respectively (Nepal, HMG, MOPE 1998c:7). Similarly, compared to five development regions in the country, the Central Development Region (CDR) accommodates as much as one-third (33.4 percent) of the population of the country followed by Eastern Development Region (EDR), accounting for

almost a quarter (24 percent) and the Western Development Region (WDR), accounting for one-fifth (20.3 percent) of the total population in Nepal. However CDR occupies only 18.6 percent of the total area of the country. As the capital city of Nepal Kathmandu falls within this CDR, naturally the density of population in the CDR is highest at 225.6 persons per sq km (Shrestha 1999:29). Being the capital city of Nepal coupled with the disparity in the investment made by earlier development plans in favour of Kathmandu Valley (there are three cities in the valley namely Kathmandu, Lalitpur and Bhaktapur), the Kathmandu Valley offers all sorts of social and physical facilities and employment opportunities resulting in the excessive concentration of population from all over Nepal in Kathmandu Valley in general and Kathmandu City in particular, leading to the problem of housing and over burdening the existing infrastructure particularly the water supply.

Poverty alleviation was one of the major objectives of the Eighth Plan (1992-97), which targeted the reduction of population below the poverty line from 49 percent to 42 percent at the end of the plan period. In fact, this reduction was not achieved and the poverty level remained at 45 percent at the beginning of the Ninth Plan (1997-2002). The Ninth Plan (1997-2002) also aims to reduce the poverty level from 45 percent in 1997 to 32.5 percent by the end of plan. However, this target was also not achieved. Poverty alleviation is one of the major goals of current Tenth Plan (2002-2007). The recently published Nepal Living Standard Survey (NLSS) has shown that there has been a remarkable decline in the level of poverty in the country. According to this survey report the poverty level in the country is 31 percent (Nepal, HMG, CBS 2005). Coincidentally this is the third year of Tenth Plan (2012-17). It is hoped that the poverty level in the country will be brought down to less than 10 percent by the end of Twelfth Plan (2012-17). Poverty in Nepal is reflected not only in income figures but also in other indicators of standard of living and quality of life, such as life expectancy at birth, daily calorie intake and energy consumption .

1.1 URBANIZATION PROCESS IN NEPAL

The nature of urbanization process in developed countries was characterized by declining growth rate of population, decreasing family size as well as increasing life expectancy. However, the urbanization process in developing countries including

Nepal do not reveal the similar trend. Most of the developing countries are characterized by high population growth rate with an unprecedented rural urban migration resulting into urban explosion (Joshi 1999:7). Nepal is one of least urbanized countries in the World and also in South Asia with more than 80 percent of its population still residing in rural areas and urban population accounts for about 14 percent of the total population according to census of 2001. The urban population is concentrated in 58 municipalities of Nepal. Almost one-third (30.9 percent) of the country's total urban population is concentrated only in five municipalities located in the Kathmandu Valley. This is followed by Terai and Inner Terai. Moreover, in terms of ecological or geographical regions, Kathmandu Valley alone is accommodating almost 61 percent of the total urban population of Nepal (Table 1)

Table No. 1 Urbanization According to Ecological Region, 2001

Regions/No. of Municipalities	Percentage of Total Urban Population	Percentage of Urban Population in Ecological Region's Population
Hills and Mountain (20)	17.8	6.4
Kathmandu Valley (5)	30.9	60.5
Inner Terai (8)	12.1	18.0
Terai (25)	39.2	12.3
Total (58)	100.00	13.9

Source : Nepal HMG, CBS, 2003. Population Monograph of Nepal, Volume 1, Nepal

Of the total urban population, about one-third is living in 42 smaller municipalities with a population of less than 50,000 while two-thirds of urban population lives in 16 larger municipalities. Development region wise 46 municipalities are located in Eastern, Central and Western Development Regions as against 12 in the Mid-Western and Far Western Development Region. Moreover, most of the municipalities are located along the flat lands of the Terai and the Valleys. In addition to 58 municipalities, there are 132 identified emerging small towns which are likely to take the shape of municipalities in near future. ² Taking into consideration the population living in emerging small towns and market centers, the total urban

² In 1952/54 census, the Town was identified as an area with a population of 5000 or more with an urban environment such as school, college, judicial and administrative offices, markets, transport and communication etc. The Nagar (Town) Panchayat Act, 1962 stipulated a population of 10,000 for an urban area to be eligible for Nagar Panchayat (Municipal Area). The Municipality Act 1992 has categorized municipalities into three categories such as Mahanagarpalika (Metropolis), Upamahanagarpalika (Submetropolis) and Nagarpalika (Municipality) based on population size and income.

population in Nepal may exceed 20 percent of the total population at present in Nepal. It is further estimated that the number of municipalities in the next ten years will exceed 100 and 24 percent of the country's total population will be urban population.

The first scientific and comprehensive census of Nepal which was conducted in 1952/54 had shown the total urban population at 238.3 thousand (Table 2). However, the total urban population reached 3227.9 thousand in 2001 an increase of more than 13 fold within a time span of 50 years (see Table 2 below). What is more important to note is the pace at which the urbanization is taking place in Nepal. As can be seen from the table below that the pace of urbanization has remarkably accelerated after the 1971 census and the decade of 70s saw the highest level of urbanization (7.55 percent) in the country. Moreover, from the census of 1971 onwards average annual growth rate of urban population was higher than population growth rate of country.

Table No.2 Urbanization Pattern in Nepal

Year	Total Population (In '000)	No. of Urban Places (Municipalities)	Urban Population (In '000)	Urban Population (In %)	Average Annual Growth Rate (In %)
1952/54	8256.6	10	238.3	2.9	-
1961	9412.9	16	336.2	3.6	4.40
1971	11,558.9	16	461.9	4.0	3.23
1981	15,022.8	23	956.7	6.4	7.55
1991	18,491.1	33	1695.7	9.2	5.89
2001	23,151.4	58	3227.9	13.9	6.65

Source : Nepal HMG, CBS, 2003. Population Monograph of Nepal, Volume 1, Nepal

There are basically four reasons : i) extensions of town's geographical area ii) increase in the total number of towns iii) natural growth rate of population and iv) migration behind the growth of urban population in the last three decades. "Given the rapidly decreasing land-man-ratio, urban population will increase substantially in the near future. By 2011, the existing 58 municipalities including metropolis and sub metropolis will contain over 20 percent of the national population and 16 towns will exceed 100,000 population" (Joshi 1999:9).

2. HOUSING CONDITION

Housing is not only a basic need of life but also a symbol of social status as well as economic security against hardships for a majority of Nepali people. Therefore, people attach top priority to own a house during their life time. It is usually said in Nepal that a man is not a man if he has not built a house by himself. This statement or saying clearly indicates two things which have a direct relevance and bearing in our attempt towards accessing housing to the poor : i) the difficulties and hardships involved in the construction of a house, and ii) value system of Nepali society. This challenge put forward by society for men coupled with the desire to own a house act as a driving force for vast majority of Nepali people to build their own house during their life time. Thus, due to absence of public sector housing programme, construction of a house in Nepal is entirely the responsibility of individual or family. More than 90 percent of the houses are built in an informal way on individual basis. Housing is not only a finished product but at the same time it is a process and an activity where people mobilizes their entire resources including their imagination, skills, initiates etc. Housing provides the owner with most dependable valuable assets whose value appreciates over time. Furthermore, housing generates income through rent and it has exchange value in addition to use value.

There are two distinct facets of human settlements in Nepal: i) rural settlements-characterized by poverty, lack or absence of minimum basic physical facilities and services and ii) urban settlements-characterized by haphazard urbanization, environmental problems, inadequate physical infrastructure facilities and services etc. (Shrestha 2004:4). In addition to this, the settlement pattern of Nepal can also be analyzed against the backdrop of ecological or geographical regions such as the Mountains, Hills and the Terai which depicts typical settlement pattern of its own. There is a direct co-relationship between the size of the population and the type and level of services and facilities. In other words, the provision of even the minimum level of basic services and facilities like drinking water, primary school, health care services, road and post office etc requires a certain size of population in order to make these services economically viable in a particular settlement (Shrestha 2004:4). This clearly shows that the country cannot afford the provision of even the basic minimum services in the existing isolated, dispersed or scattered settlements

of Nepal across three geographical regions unless serious efforts are made to make these settlements economically a viable unit.

According to Nepal National Housing Survey 1991 (NNHS) as cited in National Shelter Policy 1996, there are altogether 3 million dwelling units in Nepal of this 2.7 million units (90 percent) in rural areas and 0.3 million (10 percent) in urban areas. Out of the total dwelling units in the kingdom, 50.5 percent of dwelling units belong to Kachi (Temporary) type, 41.2 percent belong to Ardha Pakki (Semi Permanent) type and mere 8.3 belong to Pakki (Permanent) type (Nepal, HMG, MHPP 1996:2). Similarly, the national population census 2001 showed the total number of dwelling units in the country as 4.2 million. Of this 33 percent belong to Kachi, 29.7 percent Ardha Pakki, 36.6 percent Pakki and others 0.7 percent. This clearly shows that there has been a remarkable improvement in the number of permanent dwelling units in the country over a period of ten years. As mentioned earlier due to prevailing social value system, most families in Nepal live their own house. For instance, Nepal National Housing Survey 1991 shows more than 80 percent (86%) households live in their own house, 7 percent in rental housing and remaining 7 percent is shown as squatters. Similarly, national population census 2001 indicated some improvement in ownership rate of housing. It shows that as much as 88 percent of the households in Nepal live in their own house. The recently completed National Living Standards Survey (NLSS) 2003/04 shows an encouraging picture regarding the ownership rate of housing. According to this survey almost 92 percent (91.6 percent) of the households are residing in their housing units (Nepal, HMG,CBS 2004:27).However, in urban areas about 25 percent of families use rental accommodation and about 9 percent live as squatters.

In terms of physical facilities, at national level about 6 percent of the households have indoor toilet, about 30 percent of the households have electricity connection, about 29 percent of the households have piped water supply according to Nepal National Housing Survey. Similarly, Nepal Living Standards Survey 2003/04 indicates some improvement in the physical facilities of the households such as water supply, electricity, toilet etc. For instance, the proportion of households with toilet, electricity and water supply is 39 percent, 37 percent and 44 percent respectively (Nepal, HMG,CBS 2004:27). However, in the urban areas about 38

percent of the households have indoor toilet, more than 80 percent of the households have electricity and about 34 percent of the households have inhouse piped water supply. Similarly in the rural areas, only 1.27 percent of the households have indoor toilet, 22.91 of the households have electricity connection and 27.66 of the households have piped water inside their house.

Furthermore, the NNHS has estimated the need of 2.5 millions new dwelling units and up-grading of over 700,000 dwelling units during the period between 1992-2006. The share of urban areas in new dwellings and repair and upgrading is 17 percent (433600) and 8 percent (59700) respectively. Similarly, at the national level there is a need of Rs. 127988 million (about US\$ 1803 million) for new construction and Rs. 3959 million (about US\$ 56 million) for repair and upgrading. For new dwelling units construction and repair and upgrading in urban area alone will require Rs. 43360 million (about US\$ 611 million) and Rs. 597 million (about US\$ 8 million) respectively during the same period (Nepal, HMG, MHPP 1996:22-23).

The total annual production of new units both in private and public sector was estimated to be around 20 thousand (19465) in urban areas alone. Housing units produced in 1991 per 1000 population was 6.2. This production level of dwelling units as compared to the annual increase in households represents a shortfall of 6785 in urban areas. When the annual replacement of dwelling units is considered, the annual net dwelling unit shortfall is estimated to be 9100. The total national investment on housing was 8.4 percent of the GDP in 1991. This clearly indicates the significance of the sector in the national economy. (Joshi 1999:37).

2.1 Housing Delivery System

The type of owner- builder system is predominant in Nepal. As until now, formal or private housing delivery system has not been developed with an exception of few land development schemes. Practically, the participation from both the private and public sector in the production of serviced land and housing had been very low. Therefore, it is the owner builder who acquires a plot of land, organizes, manages and supervises the construction of house. The dwelling units are built and expanded incrementally over a period of time as both the family and income grow higher. The

absence of institutional capacity and appropriate housing policies has attributed to such a situation. Similarly, it is also due to the reason that housing has never been realized as a potential productive sector in the socio- economic development of the nation.

2.1.1 Informal Private Sector

Informal private sector is the major supplier of housing in Nepal. Rental housing is almost entirely supplied by private owner-builder and serves the housing needs of about 25 percent of the total urban population. A recent survey conducted in Kathmandu Metropolitan City showed that 28% of the city population live in rental housing. Practically, all the rental units are produced by private owner- builders and it also gives additional income to them. In this way they are fulfilling their own housing needs as well as needs of others. However, the individualistic approach in supply of rental units by owner- builders have less potential to fulfill the ever increasing demand of rental accommodation to the transient migrants.

No specific laws exist in the country to deal with landlord and tenant relations. An agreement between a landlord and a tenant is valid even if it is an unregistered document. The tenancy law is considered to be inadequate, outdated and heavily in favour of landlords. Hence, new legislation is a priority.

2.1.2 Public Sector

Government of Nepal initiated housing programme by implementing three models of land development programmes such as Site and Services (S&S), Guided Land Development (GLD) and Land Pooling (LP) to meet the housing needs of the growing population in the country. Government has implemented three Site and services project for the first time in mid 70s in Kathmandu Metropolitan City. Later on one of them was converted into land pooling project due to public pressure. Up till now eleven land pooling projects have been completed by the government with the active cooperation of private land owners. As the supply of developed plots were limited therefore these projects could not make much impact in the existing privately dominated land and housing market to reduce the ever increasing price of land. Moreover, there is no specific provision of developed plots for low income families

and urban poor in the projects. The GLD programme improved the existing road in many parts of the Kathmanu and Lalitpur cities.

2.1.3 Organized Private Sector

The organized private sector has emerged recently in the country undertaking the housing projects as a result of the government policy to encourage private sector in land and housing development in the country. More than a dozen housing companies are currently involved in the construction of different types of houses in Kathmandu Valley. However, the target group of these housing companies are mostly middle income and upper income group families rather than low income people.

2.1.4 Institutional Housing

This housing constitutes various types of housing including hostels for students, staff quarters, army barracks etc. The proportion of such housing compared to overall housing stock is negligible.

2.2 HOUSING THE URBAN POOR

The urban population in Nepal is increasing rapidly due to natural growth of population, increase in the number of municipalities, pull factor as well as recently due to security reasons. The heavy influx of rural population to urban areas are mostly the poor leading to the corresponding increase in the number of urban poor particularly in fast growing urban centers or municipalities like Kathmandu, Pokhara, Biratnagar, Birgunj, Bhairahawa, Nepalgunj etc.. It is estimated that the percentage of urban population below the poverty line has decreased from 22 percent in 1995/96 to 10 percent in 2003/04 according to recently conducted Nepal Living Standards Survey 2003/04. This figure will be substantially increased if the World Bank's \$1 per capita income per day yardstick is used for measuring the urban poverty. In fact, the major hurdle towards the provision of housing to the urban poor is poverty. Therefore, unless the issue of poverty in general and urban poverty in particular, is properly addressed the issue of housing the urban poor may remain as an unfulfilled distant dream.

The internal conflict in Nepal since the last few years has further fuelled the flow of people from rural to urban areas in search of security and livelihood thereby further straining the already over burdened urban services and facilities. If this political crisis is not solved within a reasonable timeframe it is very likely that it might induce second wave of migration of dependents of those who would have already established (Malla 2004:2). Obviously, urbanization exacerbated by conflict based displacement has a considerable implication on urban poverty as well as housing the urban poor.

3. GOVERNMENT RESPONSES

There are several actors involved in housing and urban development in Nepal. At the apex level there are Ministry of Physical and Works (MPPW) and Department of Urban Development and Building Construction (DUDBC) entrusted with the task of formulating necessary acts and policies to regulate, manage and guide urban sector in the country. At the implementation level, there are over 170 Town Development Committees, 58 municipalities, several organized private sector developers besides innumerable private-land developers in Nepal. In addition to this, there are several line agencies like water supply, road, electricity, telephone etc. which are directly assisting in the development of urban areas. Besides, there is Ministry of Local Development (MLD) which look after budgetary and administrative management part of municipalities. In fact, MLD designates urbanizing small towns and market centres as municipality on the basis of certain criteria. Naturally, DUDBC has to coordinate with all these actors and agencies in its efforts towards achieving planned urban development in the country.

Government of Nepal is basically playing three important roles for the management of housing and urban development i) planning support role ii) formulation of policies and acts and iii) implementation of projects through its different agencies.

i) Under the heading of planning support role, DUDBC has already assisted more than thirty municipalities (out of 58 municipalities) in the preparation of Integrated Action Plan (IAP). There are three major products in IAP i) Physical and Environment Development Plan (PEDP) ii) Multi Sector Investment Plan (MSIP) and iii) List of projects. PEDP provides a framework for guiding and regulating the physical development of a municipality to achieve planned urbanization by accommodating

future growth of population in the proposed urban expansion area with the provision of necessary physical facilities and services. MSIP assists in the realization of the objectives of PEDP by implementing plans and programmes in line with PEDP. In fact, physical development plan is integrated with investment plan of municipality through MSIP. Therefore, in IAP serious efforts are made to ensure the proper integration of physical plan with investment plan so that the ultimate goal and objective of planned urbanization is realized. As resource on the part of municipalities is limited in most of the cases thus line agencies' programmes are also integrated in MSIP as far as possible. In addition to this, resources are generated through people's participation, donor agencies, NGOs, INGOs also.

DUDBC's planning support role is not confined within municipality alone. It assists in the preparation of physical development plan of District Head Quarters (75 DHQs in the country) as well as emerging small towns and market centres.

ii) Formulation of policies, acts

Being the apex level body of urban sector, it is the primary job of MPPW and DUDBC to formulate necessary acts, regulation, guidelines etc. to regulate and manage urban development, housing and building construction in the country. Some acts and policies are already in implementation while others are in the process of formulation. The Town Development Act (1988), Building Act (1998), Apartment Act (1997) and National Shelter Policy (1996) etc. are already under implementation while Kathmandu Valley Development Council Act has been submitted to the parliament. Similarly, Land Pooling Act, Real Estate Act, National Urban Policy are all in the formulation stage. These acts and policies are expected to contribute significantly in controlling haphazard urbanization as well as direct urban growth on a planned manner in the country.

It would be a high time to incorporate the concerns of the urban poor in those acts and policies. In addition to this, the Nepal Building Code (NBC) has recently been brought into effect with a view to make buildings safe from earthquake. Moreover, DUDBC has recently signed Memorandum of Understanding (MOU) with non governmental organization (NGOS) involved in research and technology development for housing the urban poor including squatters and slum dwellers.

iii) Implementation of projects

Government of Nepal started formal housing programme in the mid seventies by implementing for the first time three Site and Services (S&S) projects namely Kuleswor, Galfutar and Dallu in Kathmandu through Kathmandu Valley Town Development Committee (KVTDC) under the Ministry of Physical Planning and Works (MPPW). After popular movement in 1990 in Nepal, Dallu Housing Project was converted into Land Pooling Project although it was originally designed for Site and Services. Kuleswor and Galfutar two sites and services projects produce a total of 1111 developed plots covering an area of about 38 hectare in Kathmandu. Town Development Act 2045 (1988) provides a legislative framework for implementing land development programmes consisting of three model approaches : 1) Sites and Services (S & S), ii) Guided Land Development (GLD) and iii) Land Pooling (LP). The total land developed mostly through LP modality is 5753 Ropanis (288 Ha.) and the number of developed plots are 7665 with the number of population served being 40,000 (Malla 2004:7). All these land development programmes are concentrated in Kathmandu Valley catering the needs of mostly middle and high income families. There is no special provision in land pooling for low income families in general and urban poor in particular. The experience has shown that on the one hand, the supply of developed plots being provided through land pooling is very limited compared to number of new houses being built in Kathmandu Valley and on the other hand, in the prevailing pricing system it is almost impossible for low income families and urban poor to get access to these developed plots. Therefore, the government of Nepal is seriously thinking to earmark certain percentage of developed plots on subsidized basis to make it more affordable and accessible to low income families and urban poor in the country.

As the policy of the government is to encourage private sector's investment in land and housing development a number of formal housing companies in the private sector has emerged in the country in the last few years. These companies have already built and sold more than 1000 dwelling units of different types (apartments, row houses and individual units) mostly catering the needs of middle, upper middle and high income groups. The cost of these units varies from Rs. 6 Lakhs (about US\$ 0.08 million) to over Rs. 50 Lakhs (about US\$ 0.70 million) depending upon type of dwelling unit, level of finishing, location etc.

4. CIVIL SOCIETY RESPONSES

There are very few civil society organizations involved in addressing urban poverty and low income housing issues including poor peoples' access to basic services. Probably the first urban poverty project in Kathmandu was the Dhalko Urban Development Project initiated by GTZ some 18 years ago. This project focused on improving the basic services in Dhalko community, which was a low income socially isolated community. In 1996, Lumanti, an NGO, initiated slum and squatter community empowerment programme in Kathmandu and Lalitpur which is now extended to Butwal, Bharatpur, Dharan and Birgunj municipalities. This programme focused on housing rights advocacy, secure tenure, building capacity of the urban poor groups, improving access to finance and basic urban services. The following section highlights the performance of Lumanti in the field of housing the urban poor communities in Nepal.

Experience in addressing eviction issues

In 1998, about 75 household Kohity community lying on the bank of Vishnumati river was forcefully evicted by the local government. The reason given for eviction was to vacant the land to construct the public toilet under the Kathmandu Infrastructure Improvement Programme supported by Asian Development Bank. The programme aimed to contribute in improving the lives of the urban poor, but the eviction had made negative impact. Lumanti had just started community based programme at that time. A protest letter was written to ADB head office. Surprisingly, there was a quick response. A mission was sent to Kathmandu to review the eviction case. The mission stated in its report that only 3 houses needed to be demolished for the construction of the public toilet, not the whole community. The mission recommended that the government should provide compensation to all the affected families. This recommendation remained in the report only.

Similarly, in 2001, 12 household community living under the Bagmati bridge was forcefully evicted by the local government for a security reason. The eviction took place just before the SAARC regional meeting. This case was taken to Lalitpur municipality and efforts were made to continue the dialogue with the local

government in providing compensation for the affected families. The evicted families got dispersed, hence, dialogue could not be continued.

The interventions during these past two evictions in Kathmandu could not be successful for few reasons. The communities were not organized, the local government had no sensitivity on housing issues and there was some weaknesses in the advocacy strategy. However, some indicators of success are being seen in dealing few proposed evictions in Kathmandu recently.

In 2002, five squatter communities were affected by the Vishnumati Link Road (VLR) project carried out on the bank of Vishnumati river in Kathmandu. After a series of dialogue with the local government and the communities, a fund 'Urban Community Support Fund' was created to address poverty, infrastructure and housing issues of urban poor. The first project of the UCSF was to house the VLR affected families. Details on UCSF is given in the Box 1 below. This is the example of a successful partnership between a civil society organization and the municipality. Similarly, establishment of Urban Housing and Infrastructure Fund (UHIIF) in Butwal municipality, in partnership with Lumanti, is making progress.

Box No. 1. Urban Community Support Fund: Financial Access for the Poor

The Urban Community Support Fund (UCSF) is a pool of resources which the urban poor can draw on to assist them with the development of their communities. The money will be available on low-interest loan basis and support initiatives such as housing, income generation, education, water and sanitation etc. Because the people themselves can apply for loans they are empowered to identify their own needs and devise solutions, which will be appropriate to their situation and sustainable in the long term. UCSF is established with the financial contribution of Kathmandu Metropolitan City (KMC), Asian Coalition of Housing Rights, Slum Dwellers International, Action Aid Nepal and Water Aid Nepal. While the role of government is to look after the needs of its citizens, the scope of their responsibilities is often such that certain sectors are overlooked. This has been the case with the squatter communities in Kathmandu. The UCSF facilitated a way for KMC to convert their good intention into action. Through this fund, Nepal's first housing project for the urban poor is being launched at Kirtipur municipality. The beginning of the housing project brings to a close the long process to resettle squatter families who were evicted and made homeless by the constructor of the Vishnumati Link Road over two years ago. Many of the worst affected families, who were the first to be resettled in the new homes on the Kirtipur site. It shows that there are alternatives to forced evictions in Nepal and that the poor are willing and able to contribute to a sustainable solution.

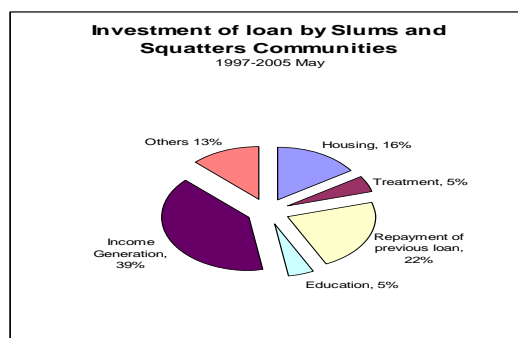
Slum and squatter Community Empowerment Programme

Lumanti launched slum and squatter community empowerment programme in Kathmandu and Lalitpur cities in 1998, later extended to other cities in Nepal. The key objectives of this programme were as follows:

- Organise and strengthen the communities
- Advocate on housing rights issues
- Increase the communities' access to improved financial and basic services

Major achievements of the programme

- Communities are organized and empowered. The federations of Nepal Basobas Basti Sanrakshan Samaj (NBBSS), Nepal Mahila Ekta Samaj, Jheegu Manka Samaj, Child Youth Network and the squatter women's cooperatives are established. NBBSS has a membership of more than 36,000 squatter families in urban and rural areas spread in 22 districts.
- Partnership with the local government is improved. As a result USCF is established in Kathmandu and the first community led housing project is launched. Community based water supply system is implemented in Butwal city in the initiation of the municipality. Over all, the local governments interest in poverty programme improves the scope of secure tenure.
- Gender issues is addressed and the women are empowered. The first squatter women's cooperatives (3) are established in Kathmandu. There are 120 saving and credit groups which have total membership of more than 2000 women. The total saving of these members has reached about Rs. 9 million (US \$ 1 = Rs. 71). About 16% (See Figure below) of the loan from saving and the cooperatives is invested in housing.



- The poor communities access to basic services such as water, sanitation health, hygiene and other infrastructure improved. Community based projects

on water, sanitation, sewerage, paving were implemented in a number of communities that have directly benefited at least 20,000 people. These projects also helped improve the social status of the slum and squatter communities that enabled them to live a dignified life.

5. KEY CHALLENGES

With the alarming growth rate of urbanization, urban poverty is growing so as the housing need of the urban poor. The key challenges in providing access to housing and basic services to the poor are as follows:

- Haphazard and unplanned urban development
- Scattered population of the urban poor
- Inadequate policy on housing the poor and improving access to basic services for them
- Inadequate knowledge and capacity to address the low income housing issues
- Weak rural – urban linkage

The following measures are recommended to address the challenges mentioned above.

Policy level

1. Formulate urban development policy to control and guide haphazard urbanization as well as to achieve planned urban development in the country.
2. Formulate Housing Bill for security of tenure, improvement, upgradation and regularization of the slum and squatter communities in the country.
3. Formulate clear policy to address the issue of slums and squatters in the country.

Capacity building

4. Improve capacity of the municipalities and civil society organizations to address the growing urban issues including the emerging settlements.
5. Enhance the coverage of training in a sector in which informal and individual modes of building houses predominate.

Programme

6. Promote financing mechanism for low income housing development. Mobilisation of Poverty Alleviation Fund (PAF) to address poverty and low income housing programme in the urban areas.
7. Initiate the formal land development programme to address the housing problem of the poor in general and urban poor in particular.
8. Promote research and development on low cost technology based on local materials, technology, skills.
9. Introduce innovative programme at the community, city and national level to meet the MDGs.

Administrative

10. Promote effective and meaningful inter sector coordination including private sector participation and integration in planning and implementation

Among the above mentioned recommendations, Lumanti has taken initiation in drafting a housing bill. A consultation meeting with the squatter communities in east and west Nepal has been organized. A draft bill is prepared in consultation with the official from Ministry for Legal Reforms. An effort is being made to receive immediate feedback from the experts on this draft bill. An interaction meeting to discuss on the draft bill will be organized in near future. Apart from the planned intervention at the policy level, Lumanti also plans to expand the necessary programme in collaboration with the municipalities to increase women's access to financial resources, access to

infrastructure and to introduce appropriate low income housing programme in the cities in Nepal.

Recently DUDBC has organized an interaction programme to discuss on the draft 'National Urban Policy'. It has also signed MOU with the civil society organization to promote collaborative work on the issues faced by the urban poor communities.

It would be relevant at this stage to throw some lights on national long term vision, goal and objectives of urban development housing and building construction in the current in the current Tenth Plan is as follows :

GOAL

- To strengthen rural urban linkages by controlling haphazard urbanization through physical planning intervention.
- To encourage private sector in the provision safe and affordable housing that minimizes the effect of earthquake.
- To adopt appropriate construction technology to make both the public and private buildings safe (earthquake resistant) and cost effective.

OBJECTIVES

- To strengthen rural-urban linkages by developing cities on a sustainable basis with the provision of modern infrastructure and conserve and promote existing cultural, touristic and historical areas.
- To provide safe and affordable (cost effective) housing by promoting planned settlement.
- To develop and construct safe, cost-effective and environment-friendly buildings which exhibits indigenous architecture.

POLICIES

- The housing delivery mechanism both in urban and rural areas will be made more effective on the basis of the basic principles as enunciated by National Shelter Policy 1996.

- Housing and land development programme will be carried out as a joint venture of government and private sectors.
- Reformative actions will be undertaken for improving the legal structure of the existing marketing mechanism regarding land and housing.
- Special housing programme shall be implemented under public sector to provide housing for low income poor group.
- Housing finance will be made available through financial institutions to those families unable to build their home

Some of the major programmes relating housing to and urban development as outlined in the current Tenth Plan is mentioned below:

- Prepare and implement Real Estate, Apartment Act etc.
- Initiate land development programme on joint venture basis between public and private sectors to supply developed plots to meet the increasing demand of housing.
- Launch apartment and group housing as enunciated in National Shelter Policy 1996 in partnership with private sector to meet increasing demand for housing.
- Distribute 20,000 housing plots in the Kathmandu Valley by developing 500 hectares of land.
- Plan by coordinating with all line agencies for the planned settlement of squatters and haphazard settlements of the Kathmandu Valley.
- Initiate home improvement programme.
- Develop cooperative housing.
- Provide skill training to 2000 people.
- Initiate model compact settlement of 10-15 families.
- Initiate special housing programme for low income families and poor under public sector.
- Housing finance will be made available through financial institutions for low cost housing to families unable to build their house.

It is evident from the above programmes that there is no specific housing programme targeted at the urban poor. The increasing number of poor in the urban areas will further aggravate the problem of secured housing. The central and local government have not been able to address effectively the issues created by the fast growing urbanization.

REFERENCES

Joshi, Dr. J. and Joshi, Lajmina. 1999, Housing and Urban Development in Nepal: analysis and design of participatory development process,

Malla, Umesh B, 2004. Housing for Urban Poor in Nepal : Issues, Challenges and Vision for the Future (A discussion paper), paper presented at the urban Forum - Housing the Urban Poor : Challenges and Possible Solutions organized by Lumanti, May 31, 2004, Nepal.

Nepal, HMG, CBS 2004 (Central Bureau of Statistics). National Accounts of Nepal, Nepal.

Nepal, HMG, CBS 2004 (Central Bureau of Statistics). Nepal Living Standards Survey 2003/04, Volume 1, Nepal.

Nepal, HMG, CBS 2003 (Central Bureau of Statistics). Population Monograph of Nepal, Volume 1, Nepal

Nepal, HMG, CBS 2005 (Central Bureau of Statistics). Summary Results on Poverty Analysis from Nepal Living Standard Survey (2003-04), Nepal.

Nepal, HMG, MHPP 1996 (Ministry of Housing and Physical Planning). National Shelter Policy 1996, Nepal.

Nepal, HMG, MOPE 1988 (Ministry of Population and Environment). Population Situation of Nepal, Nepal.

Nepal, HMG, NPC 2002 (National Planning Commission). Tenth Plan, Nepal.

Sharma, Dr. P. 2003. 'Urbanization Road of Development', in Himal Magazine (in Nepali) Nepal.

Shrestha, Dibyeswar P., 1999. Interrelationship between Population Growth and Forest and Agricultural Land Resources in the context of Sustainable Development in Nepal (Unpublished M.A. Research Project Paper). The Australian National University, Australia.

Shrestha, Dibyeswar P., 2004. Role of cities in Rural Development, The Rising Nepal (Daily), Nepal.

Nepal National Report to Istanbul +5. 2001, His Majesty's government of Nepal, Ministry of Physical Planning and Works, Singh Ddurbar, Kathmandu.

City Care, 2005. An annual newsletter of Lumanti, Kathmandu.

City Care Cleaner Communities. 2005, An annual newsletter of Lumanti, Kathmandu