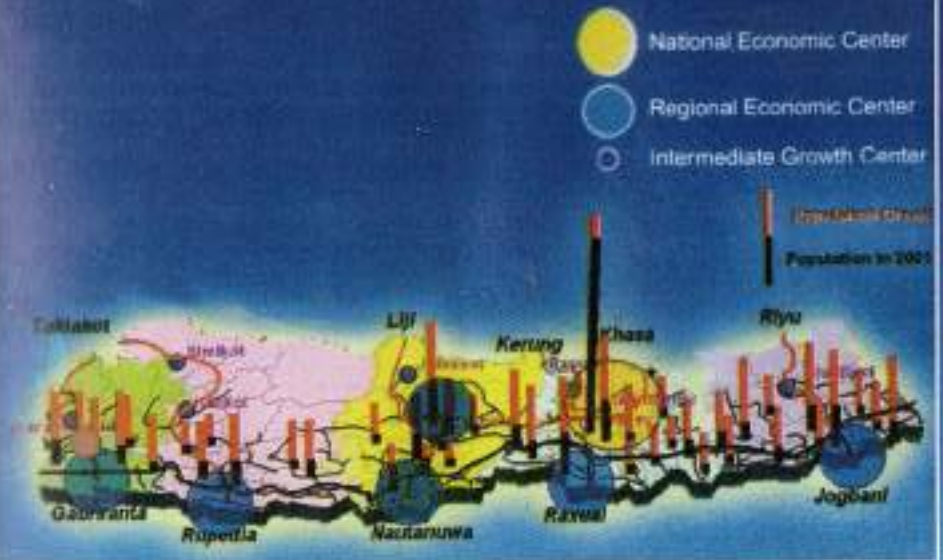


# National Urban Policy, 2007

## Vision of Balanced National Urban System



(Unofficial Translation)



Government of Nepal  
Ministry of Physical Planning and Works  
Department of Urban Development and Building Construction  
Babarmahal, Kathmandu, Nepal



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# National Urban Policy 2007 (2064 BS)



(Unofficial Translation)



Nepal Government

**Ministry of Physical Planning and Works**  
**Department of Urban Development and Building Construction**  
Babar Mahal

*Approved*  
**According to the Nepal Government (Cabinet)**  
Decision on 2064/05/06

## Executive Summary

The National Urban Policy (NUP) document is being formulated through incorporation of: the views put forth by the urban sector related institutions, intellectuals and experts at the several consultation meetings and interaction programs organized at different phases since 2061; and the written comments and suggestions from the concerned professionals. The document is an integrated and coordinated effort for responding to the challenges posed by haphazard urbanization going on in the country. It is expected that the proposed NUP would be an important document that provides a road map to this sector.

The fast pace of urbanization that has taken place during the decade of 1970s, has resulted into the emergence of the multiple challenges for Nepal. Despite the fact that the urban population is around 15% only, haphazard and unmanaged urbanization has now emerged as a major national problem for the country. Kathmandu-centric urbanization process is a major cause for the imbalance in national urban structure. Physical, social and economic infrastructures are centered mostly in Kathmandu and a limited number of large municipalities. As a result, there is an increasing trend of migration from the rural areas and small towns to the large urban centers. Urban services delivery is ineffective due to weak institutional capacity of the municipalities. Physical infrastructures are inadequate. The quality of environment is getting worse. Solid waste management is getting complicated. The urban areas have not been able to increase the employment opportunities. As a result, urban poverty and squatter settlements are on the rise. The urban issues have become even more complicated due to a trend of declaring a municipality through incorporation of the neighboring rural areas, and without development of adequate physical and institutional structures.

There are still policy level confusions regarding the type of activities to be executed by the central government agency and the local bodies. Because of a lack of integrated approach in urban development,



particularly, in relation to the policy and institutional aspects, coordination among the different agencies and initiatives are virtually lacking. As a result, investments in the urban sector are not planned properly, and the expected outcomes could not be achieved in this sector. It can be fairly concluded, because of a lack of national vision and thinking in urban development, urbanization process has not been able to make effective contribution to economic development and poverty reduction in the country. Therefore, a need of the national urban policy is urgently felt to address the challenges of urbanization in an integrated and coordinated manner through identification of the various channels of resource mobilization, and through the clarification of the roles of the different institutions related to urban development.

The proposed NUP has put forward mainly three objectives: first, to achieve a balanced national urban structure through proper guidance to development of and investment in the infrastructural facilities; second, to raise the living standard of the urban residents through development of clean, secure and economically vibrant urban environment; and third, to achieve effective urban management through institutional strengthening and legal empowerment of the local bodies, as well as through promotion of proper cooperation and coordination among the different institutions involved in urban development.

For achieving these objectives, the NUP has proposed several objectives related policies and strategies. These are; prioritization of the backward development regions for industrial promotion and urban infrastructure investment to achieve a balanced national urban structure; development of north south highways to link the Himalayan belt (high mountains) and the Terai (southern plains) in every development region; development of the regional urban centers for industrial, trade and export promotion; development of the medium size (secondary) urban centers along the north-south and east-west highways; to provide support to rural economic development through transportation linkages of the rural areas with these urban centers; and transferring those economic activities detrimental to the long term development vision of

Kathmandu valley to the regional and secondary urban centers outside the valley.

For achieving the objective of a clean and economically vibrant urban environment the following policies/strategies are being given special emphasis: to develop an operational system in the local bodies where by the development and construction programs/projects are executed as directed by the development plans. developing environment friendly public transportation systems; conservation of natural resources and cultural heritage: institutionalizing the 'healthy city' concept at the operational level: minimizing the risk of natural disasters: increasing the access of the low income groups to housing: promoting economic development based on local potentials and opportunities; and exploitation and management of economic opportunities in the informal sector; For realizing the objective of effective urban management the recommended policies are related to: creation of a responsible central body for policy formulation and guidance, and monitoring of urban plans and programs; developing a system of conferring the municipal status only to those urban areas which have developed a certain level of physical infrastructural facilities and economic activities; and entrusting the local government bodies a prime executing role of urban development plans and programs

As the responsibility for Implementation of the proposed NUP does not fall on a single institution only, the policy thrust is: on promoting coordination and cooperation among the related central government agencies, the local government bodies, the non government organizations, the related private sector and financial institutions responsible for planning, execution of physical infrastructures, provision of urban services and facilities, and operation of urban economic activities. Further, the NUP has also adopted the policies of: developing a conducive environment for encouraging private sector investment, and promoting public private partnerships in urban infrastructure development; and encouraging the banking sector in urban finance mobilization.



## Foreword

1. Nepal is encountering multiple challenges presently owing to the fast pace of urbanization. In the absence of a national vision and integrated policy framework to respond to urban growth, institutional responses and investment in the urban sector have not been effective so far. The urbanization related problems have assumed critical proportions. Deficiencies in urban infrastructure and services are wide spread. The state of urban sanitation and environmental pollution have become acute. Urban poverty, unemployment, and squatting related problems have become the common features of the municipalities. Current investments in the urban sector, apart from being inadequate, have also failed to reach the target groups. Hence, there is an urgent need for formulation of national urban policy to address the crucial urban challenges in a coordinated manner.
2. As a first attempt in this direction Department of Urban Development and Building Construction (DUDBC) initiated the preparatory process for formulation of national urban policy in 2061 BS (2006 AD). The policy draft was given a final shape after due consultations and interactions with the concerned stakeholders along with their suggestions at different levels and stages.
3. Additional opinions and suggestions on the draft policy document were obtained from the interaction programs participated by the representatives from the government agencies, non-government organizations, civil societies and donor organizations as listed below:
  - Ministry of Local Development
  - Ministry of Physical Planning and Works
  - Department of Land Reforms
  - Department of Urban Development and Building Construction

- Kathmandu Valley Town Development Committee
  - Kathmandu Metropolitan City, Bhaktapur Municipality
  - The NGOs - Lumanti, SLTDC, ENPHO
  - Professional bodies - RUPSON, Nepal Engineering Council, SONA
  - Town Development Fund - TDF
  - International donors - UN-Habitat, GTZ/UDLE, RUPP/UNDP
4. The improved draft was further discussed at the consultative meeting with seven distinguished experts as listed below in the year 2063, and the policy draft was eventually finalized after due incorporation of their comments and suggestions.
    - a. Dr. Pitambar Sharma, Urban and Regional planner
    - b. Mr. Som Lal Subedi, Public Administrator
    - c. Professor. Surya Man Shakya, Environmentalist
    - d. Dr. Sumitra Manandhar (Gurung), Human Settlement Planner
    - e. Mr. Kamal Raj Pandey, Transport Planner
    - f. Mr. Umesh Bahadur Malla, Urban Planner
    - g. Mr. Dhan Raj Ganwali, Lawyer
  5. The proposed National Urban Policy document has been prepared through mobilization of the department's own resources. The DUDBC would like to express its gratitude to the institutions and individuals who have actively participated in the policy formulation process and rendered their valuable suggestions. Further, the department expects active support and cooperation from the concerned stakeholders towards the nationwide implementation of the policy.

Mr. Kishor Thapa  
Director General  
Department of Urban Development and Building Construction

## 1 BACKGROUND

### 1.1 Urbanization and Urban system

The level of urbanization is still very low in Nepal. As per 2001 Census, based on municipal population data, the urban<sup>1</sup> population (UP) recorded as 14% of total national population is estimated to reach 18% by year 2015. Urban population is mainly concentrated in 58 municipalities<sup>1</sup>. One third of the total UP is concentrated in 42 smaller municipalities with population less than 50,000 while the remaining 16 large municipalities accounts for two third UP. The urbanization pattern also varies according to the geographical regions. 46 municipalities are located in the Eastern, Central and Western Development Regions as compared to 12 in the Mid-west and Far-west Development Regions. A majority of the municipalities are located in the flat lands of Terai Region and the valleys.

The municipalities are facing increasing in-migration owing to a lack of economic opportunities and deficiencies in basic infrastructure and services in the rural areas, and availability of comparatively better educational and employment opportunities in the urban areas. The recent conflict also contributed to the further increment of UP due to the migration of people from rural to urban areas. Between 1991 and 2001, twenty municipalities have recorded the urban growth rate that exceeded the national average growth rate of 3.5%. Similarly, being the center of all kinds of opportunities, Kathmandu Valley has been experiencing more intense in-migration in recent years. Likewise, the effect of global trend of making investments in comparatively profitable sectors is also being observed in Nepal as well. As a result, more people are shifting themselves from agriculture to the industrial, trade and commerce, and tourism sectors. Being essentially urban oriented those sectors have further contributed to the increment in UP.

The increasing trend in urban population growth has created the problems like deficiencies in basic physical infrastructure services, lack of sanitation and solid waste management system, environmental

pollution, encroachment of river, forest and public land, decreasing trend of the agricultural land, haphazard urban sprawl implying unplanned and unmanaged settlements including squatting. It is found that 55% of UP do not have access to basic solid waste management facilities, and similarly, 46% and 47 % of UP are being deprived of basic sanitation and drinking water facilities respectively. Urban poverty accompanied by squatter settlements are also on the increase in the municipal areas. Emergence of such problems can be attributed mainly to the excessive increase in urban population and a lack of institutional capacity to manage urban growth. However, the application of people participatory land development tools particularly in the 1990s and their contribution towards planned housing development and urban infrastructure expansion in Kathmandu Valley are commendable, and such approaches are being replicated increasingly in the other urban areas outside the valley.

Different studies till date reveal that there is an investment requirement up to the tune of US\$ 8.5 billion for a period of 2001 to 2011 in order to provide adequate urban basic infrastructure services and facilities to the municipalities.

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<sup>1</sup>In this policy document, the term "urban center" is given to those settlements which fulfills the following criteria: the total population: exceeding 5000 population; minimum population density of 10 persons per hectare; minimum 50% population above 10 years of age engaged in non-agricultural economic activities e.g., industry, trade & commerce, and other service sectors; and contiguous physical development and expansion. The non-agricultural sector includes also the housewives and other workers engaged in domestic chores, but do not include the population not directly involved in the economic activities - students and unemployed population. Similarly, the term "municipality" implies any urban area with a formal legal status, conferred upon it and with its management structures.



## 1.2 Role of the Urban Sector in National Development

Urbanization and economic development are interrelated to each other. Multinational or large national investors are urban centered due to the availability of transportation network, communication facilities and required skilled human resources in the urban areas. It implies a certainty of immediate and direct impacts on economic activities of the urban centers. This would also mean an increase in the employment opportunities within the bigger urban centers.

By the end of Ninth Plan period (1997 -2002), the contribution of non farm sector and farm sector in the country's GDP was 60.7% and 39.3% respectively. The available statistics support the fact that the urban sector has made an important contribution to the country's national economy. During the fiscal year 2001/2002, contributions of the sectors related to: finance and real estate including housing; trade and commerce, hotel and restaurant businesses; transportation and communication; construction and social service to the GDP are being recorded as 10.8%, 10%, 8.6%, 10.5%, and 10.1% respectively. Current per capita average annual income in the urban and rural areas is found to be Rs. 32573 and Rs 12124 respectively.

## 1.3 Policies related to Urban Development

Despite a lack of an integrated national urban policy framework for the country in the past, some sort of national policies for responding to urban growth processes existed in the form of several national plan documents, and urban planning and governance legislation. Such policies primarily fall within the ambit of the country's five year plans. In this context, the Fifth Five Year Plan (1975 -1980) needs special mention. This plan not only spelt out a separate policy for urban development, but also articulated the concept of regional growth centers within the regional development strategy for the country. Following the trend, the Tenth Plan ( 2002 - 2007) apart from its emphasis on regional development, did promote the concept of developing north-south and east-west highway corridors as the growth axes. The Tenth Plan's program emphasis seems focused mainly on three sectors e.g. urban development, housing and building. Similarly, National Shelter Policy 1996 seems to have undertaken significant policy initiatives in the country's housing sector. This policy, in addition to recognizing shelter as a basic human need, did also identify the roles of the various sectors – NGOs, community and private sector - towards poverty alleviation and for bringing the needed reforms in the housing

sector. It stressed upon the role of the government as a facilitator and motivator. The Town development Act 1988 (2045 B.S) –TDA 1988 - did incorporate the legal provisions for: land development; increasing the supply of the planned urban plots; and enhancing accessibility to the physical infrastructure and facilities. Similarly, the Apartment Act 1997 (2054 B.S.) did put forward the concept of group housing to promote the urban areas with higher population densities. Nepal's National Plan of Action 1996 presented at the City summit, Istanbul (Habitat II Conference in 1996) apart from articulating and clarifying the government's views on housing and urban development sectors, did also put due emphasis upon a need for: urban poverty reduction, creation of employment opportunities and effective local governance. The Build-Operate-Transfer (BOT) policy 2000 (2057 B.S.) initiated a concept of public-private partnership for urban infrastructure development. The Local Self-Governance Act 1999 (2055) – LSGA 1999 - has defined the role of local bodies for improving the quality of life of people, and for effective and efficient provision of service and facilities to the people. The Act has also empowered the local bodies to collect revenue, and to undertake planning and execution of development schemes at the local levels.

## 1.4 Urbanization related Key Issues.

### ***Unbalanced Urban Structure:***

Current pattern of national development processes do exhibit a high degree of distortion and imbalance. State of physical, economic and human development in the Mid-Western, Far-Western Regions, particularly in the Mid-Hills and Himalayan (high mountains) belts, provide a dismal picture. Economic activities are primarily concentrated in Kathmandu Valley and its adjoining areas, and in the large urban centers located in the Terai (southern plains) and other valleys. Urban economic activities at the number of places seems to be based essentially on agriculture and urban services, and industrial development is almost non-existent except in the few bigger cities indicating ineffective distribution and mobilization of resources. The large cities, and the urban centers with high population growth rates, small towns, market centers, the industrial areas and dense settlements developed along the national highways are deprived of basic infrastructure and services, and also seems to suffer from degradation of natural heritage and environment.



### **Weak Rural-Urban Linkages**

National development policies do not seem to have looked at so far on possible contribution of urban development to poverty alleviation. Especially, small towns suffers from the minimal investments from both the public and private sectors resulting into inadequate development of physical infrastructure and low growth of economic activities. Hence, urbanization has not been able to produce favorable impacts in the peripheral rural areas. Because of inadequacy of road networks and communication facilities, trade linkages could not be developed between the urban and rural areas of the country.. Without developing adequate rural-urban linkages, it is obvious, rural focused development strategies alone would not carry rural development much further.

### **Environmental Deterioration**

There are serious deficiencies of physical infrastructure and services in a majority of the urban areas. The urban areas suffers from the multifarious problems e.g., inadequacy of road networks, shortage of drinking water supply, problems of solid waste management and unhealthy environment, encroachment of the public land and natural heritage areas like forests and rivers. The larger municipalities, in particular, are confronting the ever-increasing problems e.g., loss of valuable agriculture land within the city peripheries due to the haphazard urban sprawl, increasing tendencies of the farmers getting unemployed, and growing problems of traffic congestion and transportation due to the increasing distances between the workplace and residence. Further, there is an increasing trend of low income groups being deprived of urban land, basic services and facilities, and as a result, the squatting phenomenon is on the rise in those urban centers.

### **Lack of Clarity in the National Policy**

Presently, the central level urban policy and programs are being formulated by the government agencies e.g., Ministry of Local Development (MLD), Ministry of Physical Planning and Works (MPPW) and National Planning Commission (NPC). However there is still no common definition, of what constitutes an urban area, as adopted by the LSGA 1999 and the TDA 1988 or MPPW. The LSGA 1999 has defined only municipal areas as the urban areas, and since the municipal status is conferred only after reaching a certain urbanization level, it would be necessary to respond to the urban conditions prior to declaring a place as the municipality. If this issue is not given a priority, it is almost certain that the future municipalities would be turned into the unmanageable urban areas. Further, it would be necessary to designate a central body responsible for urban affairs, as well as to delineate the clear roles of the central government and local bodies

regarding urban development and management.. The present practice of declaring a municipality is based on incorporating the adjoining rural areas in order to achieve a certain minimum population level as set by law, and then all development responsibilities are entrusted to an institutionally weak municipal body, leading to a very ineffective urban management in future.

### **Urban Poverty**

Urban poverty along with squatter and unmanaged settlements is on the rise. Urban poverty is attributed to: decreasing outreach of the urban residents to a decent shelter owing to high land price; less self-employment opportunities due to agriculture land fragmentation; inadequacy of nutritious food, inadequate employment opportunities; and the pressure of in-migration.. Available statistical data shows a significant extent of urban poverty. In the year 2000 the human poverty index of urban areas is recorded as 25.2<sup>2</sup> in comparison to 42.0 of rural areas.(Nepal Human Development Report 2001). It is also stated that 23% of urban population (UP) residing outside Kathmandu valley consumes less than the required amount of food (NLSS 2004) and 48% of UP 10 years and above are economically inactive (CBS 2003)<sup>3</sup>. Despite hopeful progress in the social sector within the municipalities, the unequal distribution of urban services and facilities is evident, and the income of a majority of the urban households is found to very minimal..

### **Weak Municipal Institutions**

The municipalities, with their present institutional capacity, are not in a position to bear all the urban development responsibilities entrusted to them. A number of smaller municipalities, in the absence of basic infrastructure services and facilities, do exhibit the situation similar to the rural areas. However, they are economically and institutionally weak to bear the brunt of urbanization pressure. Although legally empowered in the relative sense, those municipal bodies are too weak as regards their administrative, technical and financial capabilities. Further, because of the poor quality of available human resources in terms of their expertise and training, they are no longer in the position of managing the urban areas as mandated by the LSGA 1999.

2 Poverty index indicate: 1. Illiteracy 2. Child malnutrition 3. High child mortality rate 4. Minimal health facilities 5. Inadequacy of clean drinking water

3 In some of the wards of the recently declared Leknath Municipality, the literacy rates in the age groups above 6 years and above 15 years are 83.54% and 76.35% respectively.. In three of the total fifteen wards the literacy rates of the age groups above 6 and 14 years are 32.96% and 30.13 % respectively (Kaski Education Profile, 2004). Not a single hospital exist in the municipality. The municipality has only a single primary health center and only one doctor serving 42000 population..



### 1.5 Need of the National Urban Policy (NUP)

As already stated above, despite the past efforts to respond to urban development issues through the government policy and programs, it has not been possible to achieve the desired outcomes owing to the following reasons: (i) non-identification of a responsible agency to execute urban plans and programs; (ii) all aspects of urban development not fully covered by those policies; (iii) absence of an effective mechanism for identification and mobilization of the instruments and resources; (iv) Lack of an effective mechanism for mobilization and coordination of the assistance and resources made available by the various donors in the urban sector. The main reason is the lack of a national perspective which looks at urban development through an integrated approach. Although the local bodies are empowered by LSGA to plan and execute urban plans and programs in their respective areas, their ability to fulfill the expected roles are severely inhibited due to: first, their weak institutional capacity; second, a lack of coordination between the local bodies and other agencies related to urban development. The reasons lies on inability to identify in clear terms : the areas where the central government agencies have the prime role; the areas which necessitate close cooperation and coordination between the central agencies and local bodies; and the areas which can be left solely to the local bodies. Hence, the national urban policy is being formulated with the objectives of : pursuing an integrated approach towards all the aspects related to urban development; identifying the implementing agencies and their respective roles; mobilizing and utilizing needed resources from the different sources including the ones through public and private partnerships (PPP) to implement the policies and strategies incorporated in the NUP .

### 1.6 The Essence of National Urban Policy (NUP)

The national urban policy has set forth three main objectives in order to provide a broad policy framework to guide the urbanization process, to conserve urban environment, and to clarify the roles of the central and local bodies involved in urban development. These are related to: (1) balanced national urban structure. (2) healthy and economically vibrant urban environment (3) effective urban management. The long term goal of the policy aims at contributing to poverty alleviation through sustainable urbanization process which finds its expression in consolidation of all three objectives as stated above. To achieve above objectives, separate strategies and the related policies/operational policies are being proposed.

To achieve the objective of 'balanced national urban structure' the proposed strategy is to strive towards self-reliant development regions through planning and development of urban settlements system in each region. The proposed policies within this broad strategy are: Increasing outreach of the infrastructure services and facilities in each development region; development of north-south growth corridors to promote trade between Himalayan and Terai regions; expansion of the tourism sector; development of at least one large urban center which serves as the regional economic center for export promotion of industrial and consumption goods, and to provide the specialized services; linking the medium and smaller urban centers with the regional economic center, and establishing networking among themselves through the provision of necessary infrastructure including road networks. The policies are elaborated further to include promotion of: the large industries in the regional economic centers, and the smaller/medium size industries in small and medium sized towns, and at the same time developing complementarily among those industries. The investments from both the government and private sectors in general, and from the private sector activities in particular, would be encouraged and channelized to achieve those policy objectives. In order to conserve and develop Kathmandu Valley as a center of culture and tourism, and the capital city, it is also proposed to shift to other urban centers those physical and economic development activities which would cause adverse impacts on the valley.

To realize the objective of creating healthy and economically vibrant urban environment, the recommended policies consist of: planned implementation of urbanization related activities giving due attention to regional perspectives; focus on conservation of natural and cultural heritage at the local level; emphasis on urban sanitation and public health; minimization of disaster impacts, and mitigation measures; and promotion of environmentally sound urban transportation systems. The policies/strategies proposals are further elaborated to include: encouragement for diverse economic development activities based on local potentials and opportunities; enhancing the access of low-income groups to urban infrastructure services and other opportunities; proper management of the economic activities in the unorganized and informal sectors so as to enhance the economic opportunities for low income groups.

As regards realization of the objective of effective urban management, the proposed policies/working policies include; formulation of physical development plans; formulation and enactment of 'physical planning and



development act' in order to render a legal status to the plan approval and implementation process, and giving due attention to the spirit of local autonomy imbibed in LSGA 1999. Further, the proposed policies/strategies also include; developing institutional capacity of the local bodies for mandatory preparation of urban plans and programs; creation of an appropriate legal mechanism at the central and regional levels for formulation, approval and implementation of urban plans; conferring the municipal status to the urban area only on the basis of specific physical development potentials and urbanization characteristics; and designation of the municipal body as the solely responsible agency to deal with urbanization related activities.

In totality, the NUP has put forward the concept of 'sustainable urbanization' through: identification of the responsible agencies associated with the urban sector; implementation of development activities on the basis of physical development plans (PDPs) that is to be made legally mandatory; and formulation of PDPs that covers the important areas e.g. well-planned settlements, clean and healthy urban environment, well-managed transportation system, natural disaster management, economic development, urban poverty alleviation, and mobilization of the resources from the various sectors for urban infrastructure development.

## 2. OBJECTIVES

- 2.1 To achieve a balanced national urban structure<sup>4</sup> through proper guidance to physical infrastructure development and investment.
- 2.2 To achieve healthy, secure, and economically vibrant urban environment in order to bring about improvement in living standards of the urban residents.
- 2.3 To strive towards effective urban management; through legal empowerment and institutional strengthening of the local government bodies; and through effective coordination among, and capacity building of, the agencies associated with urban sector development.

<sup>4</sup>Balanced national urban structure' means the state of proportionately well managed urban development in every development region. There shall be at least one regional urban centre with industrial and trading activities in every development region, and such center will have industrial and business inter-linkages with other medium size urban centers in the region through road and communication networks. In this way, the region would have developed into a self reliant development region.

## 3. STRATEGY

### 3.1 Proposed Strategies to achieve the Objective 2.1 (Balanced National Urban Structure)

- 3.1.1 To give priority to the backward development regions for establishment of the industries and for investment in physical infrastructure development.
- 3.1.2 To establish industries according to their nature at the appropriate locations.
- 3.1.3 To develop north-south corridors by strengthening inter-linkages between the Terai and Himalayan regions.
- 3.1.4 To develop one regional economic centre in each development region for consolidating industrial and trade related activities as well as social structure through infrastructure development.
- 3.1.5 To develop the fast growing urban areas along the east-west and north-south highways as the medium size (secondary) urban centers.
- 3.1.6 To attract foreign investment as per requirement for infrastructure development by encouraging the private sector and public-private partnerships (PPP).
- 3.1.7 To conserve and develop Kathmandu valley as a cultural, touristic, and capital city-region endowed with rich nature, and to consider shifting those development activities that do not comply with the above vision, to the other urban centers outside the valley.
- 3.1.8 To promote and strengthen rural-urban linkages in the form of physical, economic and social relationships, and through proper coordination among the agencies involved in infrastructure development and social service sectors in the urbanizing rural areas.

### **3.2 Proposed Strategies to achieve the Objective 2.2 (Healthy, Secure and Economically Vibrant Urban Environment)**

- 3.2.1 To encourage and guide the local bodies to carry out their urban development activities as per the approved annual and periodic plans, and to provide them necessary assistance and motivation for planned development of urban infrastructure, services and facilities.
- 3.2.2 To identify and utilize the various financial resources for urban infrastructure development.
- 3.2.3 To encourage environmentally less hazardous system and modes of public transport.
- 3.2.4 To render special contribution to conservation of cultural, archeological and social characteristics of the urban areas while carrying out urban development activities.
- 3.2.5 To develop a system for supply of affordable land and dwelling units accessible to the different income groups including those who are economically deprived.
- 3.2.6 To develop balanced towns and communities ('toles') through conservation of the traditional urban structures and sustainable use of natural resources.
- 3.2.7 To develop healthy cities by giving priority to environment conservation while executing town development activities and mobilizing natural resources.
- 3.2.8 To encourage well facilitated compact towns and settlements, by discouraging the scattered settlements, in order to reduce the loss of natural resources and to minimize the investment in the provision of infrastructure services.
- 3.2.9 To establish a system of development and implementation of 'disaster management plan' by the local bodies to minimize the loss of lives and properties due to the probable natural disaster.

- 3.2.10 To create employment opportunities by encouraging various economic development activities based on local potentials and opportunities.
- 3.2.11 To link the economic activities and employment opportunities in the informal sector to urban economic development.

### **3.3 Proposed Strategies to achieve the Objective 2.3 (Effective Urban Management)**

- 3.3.1 To develop the local bodies as prime institutions for implementation of urban plan and programs and to strengthen their institutional capacity.
- 3.3.2 To enhance the capacity of central government agencies involved in formulation and implementation of urban development plans and programs.
- 3.3.3 To develop urban management system, based on integrated and collective approach, for those urban centers bonded by geographical proximity, sharing common natural and physical resources, and inter-linked through similar activities.)
- 3.3.4 To build necessary legal and institutional mechanism to set up an integrated urban planning and monitoring system.
- 3.3.5 To initiate a practice of conferring the municipal status only to those urban centers with non-agricultural economic characteristics and having specified physical infrastructure and institutional capacity



#### 4. POLICY AND WORKING POLICY

##### 4.1 Balanced National Urban Structure

###### 4.1.1 Policies/Working Policies related to 3.1.1

*(To give a priority to the backward development regions for establishment of the industries and for investment in physical infrastructure development.)*

- a. Guide industrial activities and infrastructure development through classification of backward development regions based on the poverty index..
- b. Provide special facilities and incentives to the industrial concerns established in the designated backward areas.

###### 4.1.2 Policies/Working Policies related to 3.1.2

*(To establish industries according to their nature at the appropriate locations.*

- a. Emphasize on establishment of large industries in the regional economic centers.
- b. Encourage establishment and development of small and medium scale industries in the medium size urban centers.
- c. Establish the industrial areas and centers in the designated areas as proposed by the urban land use plan.

###### 4.1.3 Policies/Working Policies related to 3.1.3

*(To develop north-south corridor<sup>5</sup> by strengthening inter-linkages between Terai and Himalayan region)*

- a. Develop north-south corridor that link main market centers of the Himalayas and Mid-Hills to the primary urban center of Terai in every development region.
- b. Prioritize development of north-south corridors that link industrial and commercial centers of India and China.
- c. Flow government investment in land and physical infrastructure development, and also attract private investment in such activities.
- d. Mobilize public and private investment for development of possible north-south corridors, and also include implementation of land development programs if needed.

###### 4.1.4 Policies/Working Policies related to 3.1.4

*(To develop one regional economic centre in each development region for consolidating industrial and trade related activities as well as social structure through infrastructure development.)*

- a. Develop regional economic centres<sup>6</sup> with major industrial and commercial activities in every development region in order to fulfill the regional needs and for export promotion, and in conformity with the long-term vision of periodic plans to be prepared for these centers.
- b. Designate the urban center, as the regional economic center, which has developed on the basis of transportation facilities and economic activities, and with a considerable influence on the other urban centers.
- c. Give priority to the regional economic center while making investment in physical infrastructure and industrial development sectors.
- d. Encourage public and private investment in those activities that promote self-reliance of the urban centers.
- e. Focus the government's role in the important issues e.g., the arrangement for simplified issuing of industrial license, adoption of the appropriate tax exemption policy and providing easy access to finance in the priority sectors, establishment of export processing and special economic zones for export promotion.
- f. Promote land development programs providing small and medium sized plots for planned settlements.

<sup>5</sup> Proposed north-south corridor: 1. Jogbari-Biratnagar-Dharan-Dhankuta-Khadbari-Kimalthaka-Riu(Eastern region) 2. Raxaul-Birgunj-Herada-Narayanghat-Katmandu-Tatopani-Khasa(Central region) 3. Naulanewa-Sidharthenagar-Buwal-Tansen-Pokhara-Baglung-Beni-Jomshom-Lomanthang-Lizi(Western region) 4. Rupadiya-Nepalgunj-Birendranagar-Dailekh-Manma-Simkot-Hisa-Takot(Mid-western region) 5. Gauwanta- Dhangadi-Dadeldhura-Baitadi-Darchula-Tinker-Upulek-Taklekot(Far-western region) (Source: Budhinarayan Shrestha, Katpur, June 23 2004)

<sup>6</sup> Possible regional economic centres: 1. Biratnagar (eastern region) 2. Birgunj (central region) 3. Buwal (western region) 4. Nepalgunj (Midwestern region) 5. Dhangadi (Far-Western region)



#### 4.1.5 Policies/Working Policies related to 3.1.5

*(To develop the fast growing urban areas along the east-west and north-south highways as the medium size (secondary) urban centers.)*

- a. Discourage development of the settlements along the highways, and encourage such development in the areas having access to the highway
- b. To affiliate medium size urban centers to the regional economic center through transportation facilities and other economic and trade related activities.
- c. Channelize public and private investment in such urban centers for necessary infrastructure development as well as for promotion of appropriate economic and commercial activities.

#### 4.1.6 Policies/Working Policies related to 3.1.6

*(To attract foreign investment as per requirement for infrastructure development by encouraging the private sector and public-private partnership (PPP).)*

- a. While undertaking infrastructure development, the priority would be on those projects for investment, which are feasible to be undertaken by either the public, and private sectors or by both in partnerships.
- b. Identify and implement innovative investment approaches through public-private partnerships or the private sector involvement.
- c. Arrange those financial sources with easy access and facilities for investment by the private sector or through public-private partnership, and seek for diversification of those sources.
- d. Arrange for adoption of the appropriate revenue policy to encourage private investment in basic infrastructure services e.g. road, water supply, sewerage etc.
- e. Make necessary arrangement for both investment as well as physical security.
- f. Attract foreign investment, by ensuring technology transfer, in development of large and technically sophisticated physical infrastructure projects.

#### 4.1.7 Policies/Working Policies related to 3.1.7

*(To conserve and develop Kathmandu valley as a cultural, touristic, and capital city endowed with rich nature, and to consider shifting those development activities, that do not comply with the above vision, to the other urban centers outside the valley.)*

- a. Enact and adopt Kathmandu Valley urban development act, and establish Kathmandu Valley Urban Development Council under the act in order to: establish of Kathmandu Valley as a single planning unit; to achieve coordination among the plans and programs executed by the government, local bodies and the private sector; and to formalize planning, approval and monitoring process. and establish valley level institution under that law.
- b. Implement already approved Kathmandu Valley Long Term Development Concept 2020 as a planning framework for: launching physical development activities; formulation of local level physical plans under the integrated sub-regional plan of the valley; and managing urbanization process in the valley.
- c. Protect and strive for sustainable use of the natural resources of Kathmandu valley like agricultural land, river and streams, watershed areas, forest areas etc
- d. Protect and develop traditional skills, arts and crafts to conserve and protect the culturally valuable physical structures in Kathmandu valley, and encourage private sector participation in such activities.
- e. Follow the alternative options like transfer of development rights, so as to compensate the possible loss to private parties in the physical development process associated with cultural heritage conservation..
- f. Execute special programs for conservation and protection of cultural heritage, and explore new avenues for local resource mobilization, or arrange additional central support to local authority.
- g. Involve local community in protection and conservation of cultural heritage so that the community gets the benefits of the conservation efforts.
- h. Emphasize development of infrastructural facilities that could be used for organizing international level conferences, seminar, fair, exhibition and sports in Kathmandu Valley.
- i. Discourage administrative centralization in Kathmandu valley, and shift such activities outside valley to the extent possible.



- j. Shift industrial and commercial activities, that adversely affect the environment, and cultural identity, outside the valley.
- k. Emphasize development of the urban centers at the proximity of Kathmandu valley to reduce urbanization pressure in Kathmandu valley.

#### 4.1.8 Policies/Working Policies related to 3.1.8

*(To promote and strengthen rural-urban linkages in the form of physical, economic and social relationships, and through proper coordination among the agencies involved in infrastructure development and social service sectors in the urbanizing rural areas,)*

- a. Give due attention to the linkages between the urban center and its neighboring rural areas during urban plan formulation and execution of physical development activities.
- b. Strengthen transportation and communication links between the rural and urban areas.
- c. Implement the programs so as to sustain and consolidate the rural urban linkages in terms of supplying agricultural products from rural to urban areas, and supplying of consumption goods and services from urban to rural areas.
- d. Contribute to the urban supply system through promotion of existing entrepreneurship in the peripheral rural areas through training and market access.

## 4.2 Healthy and Economically Vibrant Urban Environment

### 4.2.1 Policies/Working Policies related to strategy 3.2.1

*(To encourage and guide the local bodies to carry out their urban development activities as per the approved annual and periodic plans, and provide them necessary assistance and motivation for planned development of urban infrastructure, services and facilities.)*

- a. Guide and motivate the local bodies to prepare annual and periodic plans, and carry out their physical development activities as per those plans.
- b. Set up the legal and institutional framework for physical planning to provide necessary technical assistance to the local bodies to formulate urban plans and policies, and to set up the effective monitoring mechanism at planning, approval and implementation stages.
- c. Set up the legal arrangement to ensure that the plans prepared by the local bodies conform to plans, policies, and norms and standards formulated by the central or regional authorities.
- d. Incorporate the millennium development goals (MDGs) and targets while preparing urban development plans.

### 4.2.2 Policies/Working Policies related to strategy 3.2.2

*(To identify and utilize the various financial resources for urban infrastructure development.)*

- a. Prepare and apply the norms and standards related to physical infrastructure services.
- b. Encourage the private sector to invest in urban infrastructure development through promotion of public private partnerships.
- c. Diversify the financial resources that could be available for infrastructure development, and make arrangements for legal and policy framework so as to provide incentives to the banking sector to invest in this sector.
- d. Expand the financial base of the local bodies through the exploitation of its revenue potentials, and assist them for increased investment in urban infrastructure development.
- e. Establish a system that allows the local bodies - metropolitan city, sub-metropolitan city and municipality - to obtain loans and collect taxes depending on their existing capacities.



- f. Encourage Town Development Fund (TDF) to participate in land development programs also through mobilization and allocation of its financial resources, and increase the access of the local bodies and other infrastructure development agencies to the financial resources of the TDF.

#### 4.2.3 Policies/Working Policies related to strategy 3.2.3

*(To encourage environmentally less hazardous system and modes of public transport.)*

- a. Reduce the use of private vehicles by promoting public transportation means with a larger capacity.
- b. Encourage the use of vehicles that apply the alternative energy sources such as electricity and compressed natural gas (CNG).
- c. Make appropriate arrangements so that all municipalities formulate and implement parking policy.
- d. Give more attention to provision of facilities to the pedestrians, cyclists, and physically disabled people in transport management.
- e. Adoption of the policy of imposing pollution tax to the vehicles that generate higher pollution.
- f. Restrict the movement of activities that create higher vehicle pressure in the areas having wider road and public transportation facilities.

#### 4.2.4 Policies/Working Policies related to strategy 3.2.4

**(To render significant contribution to conservation of cultural, historical and social characteristics of the urban areas while carrying out urban development activities)**

- a. Direct the local bodies to develop and implement separate plan and programs for conservation of cultural and archeological heritage, and also provide necessary technical support to them for initiating such activities.
- b. Guide and encourage the local bodies to identify, protect and conserve the unique characteristics of the city core areas through the execution of land use plans and policies.
- c. Conserve the existing historical, archeological, social and cultural uniqueness of the cities, and develop appropriate measures to exploit them as the income source from tourism perspective.

#### 4.2.5 Policies/Working Policies related to strategy 3.2.5

*(To develop a system for supply of affordable land and dwelling units accessible to the different income groups including those who are economically deprived)*

- a. Implement land development programs for planned development of the settlements based on the adoption of various land development options.
- b. Enable the local bodies to carry out land development programs through legal empowerment and institutional strengthening measures.
- c. Provide necessary legal arrangements to encourage the private sector to participate in the land development programs.
- d. Arrange for necessary legal instruments that helps towards provision of a specified number of house plots and dwelling units for low income people while carrying out land development programs.
- e. Establish a land development fund in Department of Urban Development and Building Construction to assist the local bodies for executing land development programs..
- f. Implement poverty alleviation programs that include provision of shelter facilities to the landless people and low income groups, and the income generating activities..
- g. Provide easy access to loan through the government channel or through other mediums for providing housing facilities to the low income groups.
- h. Give proper attention to the special facilities needed for women and physically disabled people while undertaking construction of government, public or community buildings.
- i. Adopt and implement innovative approaches in the form of land banking and land exchanges to guide the form and trend of urban development, and for timely supply of land.
- j. Formulate and enforce appropriate policies to ensure smooth supply of land in urban areas, and to keep an inventory of empty land so that such land could be made available for town expansion in future.
- K. Develop an information system that keeps track of land availability, name of individuals and firms involved in land sale, potential buyers, and information on land prices; and develop an appropriate mechanism and institution to provide the land related information to the general public.
- l. Regularize land and house rental market through proper legislation, and encourage private investment in this sector.



#### 4.2.6 Policies/Working Policies related to strategy 3.2.6

*(To develop balanced towns and communities ('toles') through conservation of the traditional urban structures and sustainable use of natural resources).*

- a. Encourage the mixed land-uses consisting of economic activities, employment opportunities, housing, and other basic services and facilities etc in order to develop balanced towns and communities.
- b. Establish a system for sustainable use of natural resources through preventive measures to check degradation of such resources.
- c. Protect and conserve the traditional physical structures within the towns like stone spouts, wells, springs, canals through community mobilization and through implementation of building regulations and construction standards.
- d. Contribute to the augmentation of water supply requirement for the urban activities through adoption of the appropriate collection technology like rain water harvesting which prevents the loss of a valuable natural resource like water .

#### 4.2.7 Policies/Working Policies related to strategy 3.2.7

*(To develop healthy cities by giving priority to environment conservation while executing town development activities and mobilizing natural resources)*

- a. Provide necessary policy and legal framework to enable the local bodies to launch urban sanitation, waste water and solid waste management related programs on planned and integrated basis.
- b. Ensure coordination and cooperation between the government and local bodies for provision of the landfill site in municipalities, and arrangement to be made for the landfill site development by the concerned municipality within a period of five years of its first periodic plan.
- c. Transform the existing 'solid Waste Management and Resource Mobilization Center' into a central level organization to provide necessary support to the local bodies for solid waste management.
- d. Establish a mandatory requirement for the local body to carry out environmental and social impact evaluation studies prior to carrying out physical development activities.

- e. Establish a system which ensures that achieving clean urban environment is given a first priority while launching any physical development or town development activities.
- f. Encourage all municipalities to formulate and implement 'healthy city' related special programs, and to incorporate and launch the cleanliness campaign within such programs which ensures that the public places like schools, hospitals and public parks are kept clean.
- f. Prepare and maintain an inventory of public lands, and execute the plans and programs for proper utilization of such lands through people's participation so as to achieve environmental improvement as well as encroachment prevention.

#### 4.2.8 Policies/Working Policies related to Strategy 3.2.8

*(To encourage well facilitated compact towns and settlements, by discouraging the scattered settlements, in order to reduce the loss of natural resources and to minimize the investment in the provision of infrastructure services)*

- a. Promote group housing system through adoption of the various measures like land use regulations and standards, access to easy loan, tax exemption, waiving the land ceiling and other appropriate options etc,
- b. Enforce appropriate regulations in order to discourage environmental degradation due to scattered development of settlements.
- c. Enforce land use plans for conservation of natural resources through classification of the urban areas into the settlement expansion and restricted areas.
- d. Promote the activities related to farming, recreation and forestry in the settlement restricted areas.
- e. Restrict the sub-division of land into small plots for conservation of the settlement restricted areas.
- f. Promote the income generating and highly productive agricultural activities in the settlement restricted areas.
- g. Develop and enforce urban planning guidelines to direct urban development and expansion.
- h. Establish a system of giving planning approval to the residential or other urban land use activities on the basis of available infrastructure services and facilities.
- i. Enforce land taxation system to discourage land grabbing in the residential areas.



- j. Enforce separate planning standards in urban development and settlement restricted areas in the process of infrastructure construction, and of provision of other facilities and services.

#### 4.2.9 Policies/Working Policies related to Strategy 3.2.9

*(To establish a system of developing and implementing 'disaster management plan' by the local bodies to minimize the loss of lives and properties due to the probable natural disaster).*

- a. Develop the building construction system that is safe, environmentally suitable and accessible to the ordinary people.
- b. Promote research, development and application, in the context of developing alternative building materials and construction technologies, by giving special emphasis to locally available traditional skill and knowledge
- c. Initiate timely reform of National Building Code and enforce it in the government, private and public buildings.
- d. Prohibit building construction in the natural disaster prone or environmentally hazardous areas.
- e. Encourage and provide directives to all local bodies to formulate the 'action plan' for natural disaster mitigation and management that relates to probable disasters like fire, earthquake and flooding.
- f. Mobilize the community through the local bodies for natural disaster mitigation and management, and enhance public awareness for natural disaster management.

#### 4.2.10 Policies/Working Policies related to strategy 3.2.10

*(To create employment opportunities by encouraging various economic development activities based on local potentials and opportunities.)*

- a. Promote those industries and business enterprises which are based on local raw materials and human resources; and which have the capacity for import substitution as well as the competitive edge for exploiting export potentials.
- b. Promote agro-business activities, as an integral part of urban economic development, through provision of marketing arrangement as well as through technical and financial support.

- c. Attract private and foreign investment in tourism development and extension activities through provision of appropriate facilities and incentives.
- d. Promote service oriented industries and enterprises based on information technology.
- e. Enhance employment opportunities through proper management of and due recognition to the activities related to trade and commerce, real estate and construction sectors.
- f. Create employment opportunities through high priority to investment on urban infrastructure development.

#### 4.2.11 Policies/Working Policies related to strategy 3.2.11

*(To link the economic activities and employment opportunities in the informal sector to urban economic development )*

- a. Link the economic activities in the unorganized and informal sector with urban income generation and economic development.
- b. Develop the appropriate potential sites for establishment and proper organization of such informal economic activities.
- c. Provide necessary technical, managerial and financial support in order to transform such informal economic activities to the formal sector.

### 4.3 Effective Urban Management.

#### 4.3.1 Policies/Working Policies related to Strategy 3.3.1

*(To develop the local bodies as prime institutions for implementation of urban plan and programs and to strengthen their institutional capacity)*

- a. Develop a system of establishing a planning and implementation unit within every local body which could be at the level of a section, or division or department as per requirement.
- b. Develop a mechanism of providing technical assistance and financial support in the form of grant from central government to the local body with the aim of building up its organizational capability.
- c. Provide needed central assistance to the local body to develop its expertise for planning and implementation, and for identification and mobilization of financial resources.



- d. Give directives to district development committees (DDCs) to prepare urban development plans for the urbanizing villages, and provide them necessary technical support.

#### 4.3.2 Policies/Working Policies related to strategy 3.3.2

*(To enhance the capacity of central government agencies involved in formulation and implementation of urban development plans and programs.)*

- a. Undertake necessary initiatives for expertise development of the central agency, responsible for urban plan formulation, approval and monitoring, through: familiarization with the newly emerging concepts of urban development at the national and international levels; and building up the proper channel of communication with the concerned international agencies so as to develop a system of experience sharing and ideas exchange.

#### 4.3.3. Policies/Working Policies related to strategy 3.3.3

*(To develop a urban management system, based on integrated and collective approach, for those urban centers bonded by geographical proximity, sharing common natural and physical resources and inter-linked through similar activities.)*

- a. Undertake necessary legal and institutional arrangements for adopting integrated planning, approval and monitoring approaches and processes for those urban centers, which are bonded by geographical proximity, depends on common natural resource and collectively use the same infrastructure facilities.
- b. Develop a system for proportional sharing of responsibilities by the urban centers for: management of population pressure in the future; utilization of natural resources; and expansion of industrial or commercial activities likely to come up in future.
- c. Establish a separate institutional mechanism, consisting of a group of villages along with the municipality at the lead role, that takes up the common issues of urban development.

#### 4.3.4 Policies/Working Policies related to strategy 3.3.4

*(To build necessary legal and institutional tools to set up an integrated urban planning and monitoring system)*

- a. Formulate and enforce the physical planning act with the objective of creating a separate institutional mechanism at central and regional levels so as : to clarify the roles and responsibilities of the concerned agencies involved in preparation, approval and monitoring of urban plan and programs; to bring about the consistency between the sectoral plans and the plans at various spatial tiers; to regularize and manage the system of formulation, approval and monitoring of urban plans/programs; to achieve proper coordination among the concerned agencies
- b. Arrange for the institutions involved in urban planning, implementation and investment to be brought under one single central body.

#### 4.3.5 Policies/Working Policies related to strategy 3.3.4

*(To initiate a practice of conferring the municipal status only to those urban centers with non-agricultural economic characteristics and having specified physical infrastructure and institutional capacity)*

- a. Institute a legal provision to designating only those urban areas as municipalities which have already been delivering a certain specific level of physical infrastructure services related to road network, water supply, sewerage, electricity, telephone etc ,and with dependence primarily on non-agricultural economic activities
- b. Include the provision of the landfill site as a minimum requirement for declaration of a municipality.
- c. Ensure the availability of basic minimum levels of technical man power needed for planning and implementation of urban plans/programs prior to declaring a municipality.
- d. Establish a system of formulation and execution of urban plans/programs in those urban centers facing fast urban growth but not yet conferred a municipal status.