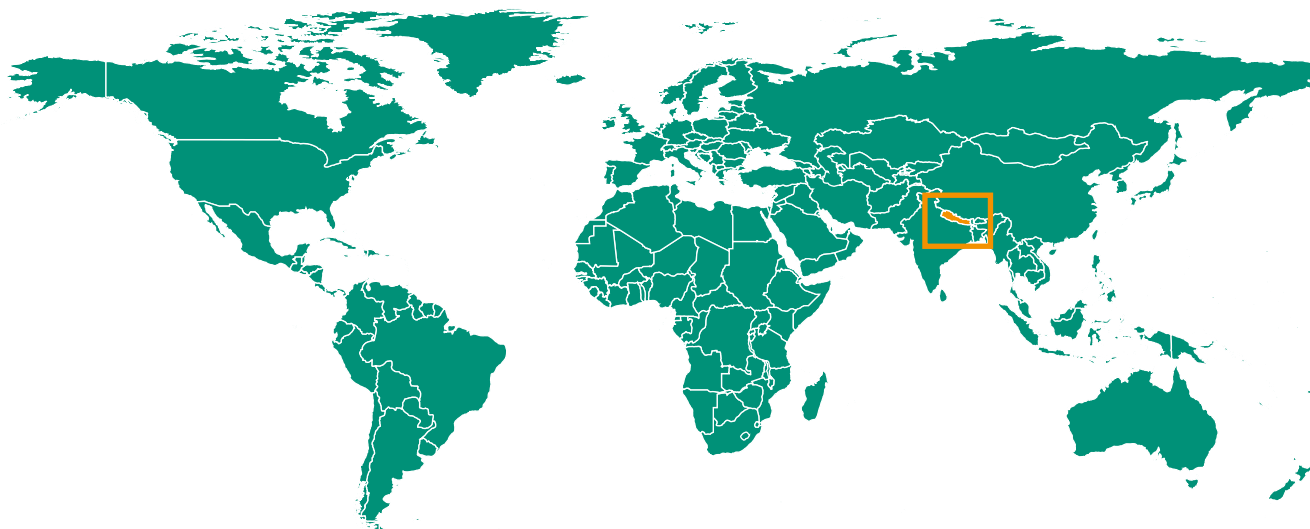


COUNTRY
PROGRAMME
DOCUMENT
2008 - 2009

NEPAL





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FOREWORDS

EXECUTIVE DIRECTOR



In April 2007, the Governing Council of UN-HABITAT approved our 2008-2013 Medium-Term Strategic and Institutional Plan. This plan intends to promote the alignment of UN-HABITAT normative and operational activities at country level.

The UN-HABITAT Country Programme Documents (HCPD) are tangible components of this Plan as well as a genuine endeavour of UN-HABITAT to better coordinate normative and operational activities in a consultative and inclusive process involving UN-HABITAT's in-country focal points, UN-HABITAT Programme Managers, national governments, UN country teams, sister-UN agencies, development partners and all divisions of our Agency. The UN-HABITAT Country Programme Documents are strategic tools meant as a guide for all UN-HABITAT activities over a two-year period. A major dimension of the UN-HABITAT Country Programme Document is to advocate UN-HABITAT's mandate and address the urban challenges facing the world's developing countries.

The UN-HABITAT Country Programme Documents identify national urban development goals and priorities including shelter, urban governance, access to basic services and credit. Important cross-cutting issues such as the environment, gender, responses to disasters, and vulnerability reduction are also addressed. The UN-HABITAT Country

Programme Documents focus on UN-HABITAT country programming. They serve as a work plan for UN-HABITAT Programme Managers and a reference tool for national and local actors involved in sustainable urban development. According to the Medium-Term Strategic and Institutional Action Plan adopted by the UN-HABITAT Committee of Permanent Representatives on 6 December 2007, twenty UN-HABITAT Country Programme Documents were completed during 2008, including the One-UN Pilot countries where UN-HABITAT is active.

In line with the United Nations reform process, UN-HABITAT Country Programme Documents seek to strengthen the role of the United Nations and to demonstrate our commitment. I wish to thank our UN-HABITAT Programme Managers for their input and dedication and for putting together these documents under guidance of the Regional and Technical Cooperation Division and with support from all branches and programmes of the Agency.

A handwritten signature in black ink, which appears to read 'Anna K. Tibaijuka'. The signature is fluid and cursive.

Anna K. Tibaijuka
Executive Director, UN-HABITAT

MINISTER



Nepal is passing through a period of unprecedented political transition. After the end of the decade long conflict, the country has successfully held the election of Constituent Assembly followed by the process of drafting a new constitution that ensures peace and institutionalization of the concept of federal democratic

republic. The present government has a historical responsibility of drafting a new constitution which reflects the true aspiration of the people. Similarly, rehabilitation of the people displaced by the conflict, reconstruction of damaged infrastructure and the delivery of peace dividend to the affected people are equally important responsibilities of the present government.

Ministry of Physical Planning and Works is committed to the attainment of Millennium Development Goals, particularly Target Nos. 10 and 11 which are related to human settlement sector. The National Shelter Policy of 1996 is being reviewed in the context of new political developments and the changing priorities of the external development partners. Furthermore, steps have been taken to draft new legislations to encourage the involvement of private sector and civil society in housing and human settlement development.

The Country Programme Document of Nepal identifies the priority issues in human settlement sector and suggests intervention to be made by the Government and UN HABITAT. Detailed discussions were held between the representatives of UN HABITAT and the Ministry for mainstreaming the contents of the document with the broader framework of current policies and programmes of the Government.

I firmly believe that this document will guide the UNHABITAT as well as the stakeholders involved in housing and human settlement sector in Nepal for the attainment of the Millennium Development Goals (MDG). I consider it as an important milestone in the long standing relationship between Nepal and UN HABITAT. I thank concerned officials of UN HABITAT and my ministry for their hard work during the preparation of this document.

Honourable Bijaya Kumar Gachhadar,
Minister of Physical Planning and Works

SITUATION ANALYSIS

NATIONAL URBAN POLICY CONTEXT

Nepal is surrounded by two countries: India in the south and the Tibet region of China in the North. Compared to several countries in the Asia-Pacific region, Nepal has low urbanisation. According to 2001 data, the urban population totalled 15% and is expected to reach 18% by 2015. The urban population is mainly concentrated in 58 municipalities. Internal migration has been increasing due to deficiencies in basic social and physical infrastructure and a lack of economic opportunities in the rural areas. The 10 year long conflict has contributed to the rise in the urban population migrating from the rural areas to the cities. Correspondingly, some major cities and towns of Nepal including Kathmandu Valley, have experienced higher population growth than the national growth rate of 3.5 %.

Due to inadequate policies and programmatic responses to rapid urbanisation, urban growth has been haphazard resulting in specific problems. There have been problems in access to almost all basic urban

services such as drinking water, sanitation and solid waste management, pollution, traffic congestion, transportation, and fuel supply, and crime and violence situation has significantly deteriorated. In addition, other associated problems have been encroachment of land along rivers, forest and public land, decrease in arable land, haphazard urbanisation or emergence and expansion of informal settlements (slums and squatters).

The problems associated with the rapid rise in the urban population can be solved only with the joint efforts of particular institutions in Nepal and with bilateral agencies, multilateral agencies and United Nations agencies. In this context, UN-HABITAT's initiative, together with that of Asian Development Bank, United Nations Development Programme and the German Agency for Technical Cooperation (GTZ) is quite important: (a) to raise the profile of the urban development sector among government agencies, bilateral agencies, multilateral agencies and United Nations agencies, (b) to cope with the challenges of rapid urbanisation to make a difference in the lives of people living in urban areas in general and that of the poor living in slums and squatters in particular.

Owing to recent positive political developments, that led to the promulgation of the Interim Constitution and the formation of the multi-party interim government, which brought the promise of sustained peace to Nepal, there are emerging signs of a strong policy change towards low-income housing and urban development. Similarly, election to the Constitutional Assembly is expected to be held in April 2008, to be followed by the drafting of the new Constitution, parliamentary election and local government elections over the next two to three years. In this context, the Three Year Interim Plan 2007-2010 of the Government of Nepal is a welcome step and provides a timely opportunity to UN-HABITAT to support the human settlements development sector in Nepal.

This UN-HABITAT Country Programme Document has been developed in the context of a historically significant political transition that is taking place in Nepal at present. The UN-HABITAT Country Programme Document attempts to address key urban development challenges and priorities facing the thematic areas of land and housing, shelter and basic services, capacity development and urban governance through the focus of the Medium Term Strategic and Institutional Plan (2008 -2013) of UN-HABITAT.

The permanent ceasefire between the Maoist Party and the government promises to end one of the worst political crises that Nepal has ever experienced. The possibility of sustained peace in the country

STATISTICAL OVERVIEW

Urbanisation (2008)

- Total population: 28.7 m
- Urban population: 4.9 m (17.2%)

Annual Population growth rates (2005-2010)

- National: 1.9 percent
- Urban: 4.8 percent

Population major cities (2008)

- Kathmandu : 938 000

Source: UN DESA

Slum indicators (UN-HABITAT)

- Slum to urban population: 60.7%

% urban population with access to:

- Improved water: 90.1%
- Piped water: 50.5%
- Improved sanitation: 79.0%
- Sufficient living area: 74.5%
- Durable housing: 71.8%

Source: UN-HABITAT, 2006



has brought forth new hope for development while bringing in its wake daunting challenges of reform and development. The armed conflict that started in 1996 took its toll on people's lives exposing many deep-seated political geographic, economic, social, gender-related and ethnic inequities within Nepalese society. The greatest challenge facing Nepal is in delivering a peace dividend to those who were the victims of these injustices and correcting the inequities on the ground that have divided Nepal and prevented its social and economic development over the past 10 years.

FOCUS AREA 1: ADVOCACY, MONITORING AND PARTNERSHIPS

VULNERABILITY REDUCTION

Although no disaggregated data is available, it is highly likely that Nepal's Dalits, disadvantaged Janajatis, and other marginalised and economically poor sections of the population suffer more from natural disasters because they have fewer resources, less knowledge and less influence to withstand the negative effects of disaster compared to better off people (Common Country Assessment 2007, United Nations Country Team Nepal)

It will be clear from the percentage of households living in under-served settlements (92.4%) in urban areas, the vulnerability they are exposed to in terms of health hygiene and possible natural and manmade disasters. Common Country Assessment for Nepal, 2007, clearly states that "it is very important that development gains and people's livelihoods are protected from natural hazards of floods, landslides and earthquakes, which have potential to set Nepal development back by years. Common Country Assessment has identified various future priorities and recommended planning actions for the reduction of vulnerability. UN-HABITAT will be able to contribute in helping its government counterpart to materialise those actions based on its experience elsewhere.

CAPACITY DEVELOPMENT

If housing and urban development has to be effective in Nepal, one of critical issues that need to be addressed is the capacity building of responsible Ministries, Departments, local authorities, non-governmental organisations and Community-based Organisations. In this context relevant outcomes highlighted by United Nations Development Assistance Framework are (a) Local Government and line agencies more effectively mobilise and manage resources and deliver services and (b) Line ministries and the Ministry of Local Development have structures, policies and

programmes that support decentralised, quality service delivery that is pro-poor and inclusive. Therefore, the objectives related to the United Nations Development Assistance Framework that UN-HABITAT needs to contribute include: (a) to build capacity of the Ministry of Physical Planning and Works, the Ministry of Land Development, Department of Urban Development and Building Construction, Department Water Supply and Swearage (DWSS) water utilities, local government Municipality of Association of Nepal and non-governmental organisations to effectively mobilise resources and manage/facilitate urban projects, and (b) Facilitate the Ministry of Physical Planning and Works, the Ministry of Land Development and Department of Urban Development and Building Construction, DWSS to delegate authorities to local government and non-governmental organisations to deliver quality services that are pro-poor and inclusive.

FOCUS AREA 2: PARTICIPATORY URBAN PLANNING, MANAGEMENT AND GOVERNANCE

URBAN PLANNING MANAGEMENT

The national policy, programmes and documents that are directly related to Urban Planning and Management include:

- (a) National Urban Policy 2007
- (b) Three year Interim Plan of the Department of Urban Development and Building Construction on Housing and Urban Sector (2007-2010)
- (c) Vision Paper on “New Physical Infrastructure Foundation of the New Nepal 2007–2027” prepared by the Ministry of Physical Planning and Works and
- (d) Local Self- Governance Act 1999

The objectives put forward by the National Urban Policy and related to Urban Planning include: (a) providing support to sustainable urban development and poverty reduction, and (b) making urban management effective. National Urban Policy reiterates the need for Periodic Plans as a key framework for all the municipalities to guide their development efforts. Accordingly, detailed guidelines have been prepared to prepare Periodic Plans for the municipalities.

The Local Self-Governance Act established of 1999 provides the necessary legal framework for municipalities to prepare and implement periodic plans, as mentioned earlier. However, the department concerned i.e. Department of Urban Development and Building Construction and municipalities have limited technical and financial capacity to do so, and therefore, only a limited number of municipalities can prepare a period plan. To let many more municipalities prepare periodic plans, technical and limited financial support is required.

URBAN GOVERNANCE AND INSTITUTIONS

The Local Self-Governance Act established in 1999 provides a good legal framework for local self-governance. However, it was not fully utilised due to the weak structure of District Development Committees, Village Development Committees and Nagar Palikas. The terms of elected bodies were not renewed in July 2002 after their term expired. Therefore, after July 2002, local government functions have been carried out by government appointed local development officers (Common Country Assessment Nepal 2007).

A caveat to improving service delivery is that it may take a while for local government bodies that play a major role in service delivery to work effectively again. Newly elected bodies are still a few years away. Therefore, alternative means of supporting improved service delivery need to be explored (Common Country Assessment Nepal 2007). Common Country Assessment Nepal 2007 recommends strengthening of democratic and inclusive governance by:

- Making non-governmental organisations more efficient and democratic
- Forging stronger links between the government, the private sector and non-governmental organisations
- Supporting the formation of and strengthening of networks of community organisations, including women federations, children groups and groups representing other vulnerable groups to increase participation and empower excluded and vulnerable populations
- Enabling local government to implement Local Self-Governance Act.

SLUM UPGRADING AND PREVENTION

The environmental improvement of slums has been identified as one of the key policy issues in both the National Urban Policy and Shelter Policy in creating safe and economically vibrant urban environments. The relation between living environment, housing, health, poverty and economic development of a city is widely acknowledged. Despite this, national efforts currently focusing on the issue of slum upgrading are limited and mostly undertaken by various non-governmental organisations. Unless recognised at the national level, isolated efforts by non-governmental organisations alone, appear to be inadequate. In this regard, UN-HABITAT's technical assistance in developing a national strategy on Slum Upgrading and Investment Programme should be extremely useful in formulating national policies, carry out targeted interventions to improve physical conditions, and in integrating economic development programmes focused on the reduction of urban poverty, comprising of skills development, educational programmes and other entrepreneurship development programmes, which improve the financial capability of households in the slums and squatter settlements.



FOCUS AREA 3: PRO-POOR LAND AND HOUSING

LAND FOR HOUSING

Not much has been done to provide access to land for housing, especially for the poor. Most of the supply of land for housing is being provided by land brokers and mostly focused on those who can afford to pay for it. The concerned department and limited municipalities have been engaged in land pooling which provided access to developed land; however, such a provision is also limited to those who already have land or who can afford to purchase it.

The lack of systematic initiatives from the public and private sectors, in providing access to land for housing in general to the poor has resulted in a haphazard urban sprawl and the emergence of slums and squatters in municipalities. According to the Nepal living standard survey, 23.5 % of households in urban areas live in rented dwellings, and in Kathmandu this percentage is 35%. Similarly, 3.8% households are squatting on marginal land. According to the UN-HABITAT's State of World Cities Report 2006/7, the slum population in urban areas of Nepal in 2001 was 92.4%.

The figure is based on an international definition of slums, and Nepal needs its own definition of slums. Whether the figure of 94.2% is acceptable or not, it indicates a grim housing situation, poor urban development and low quality of life in the cities and towns of Nepal.

Though the National Shelter Policy, introduced in 1993, its monitoring system was weak, and hence its implementation ineffective. In the present context of a rapid increase in slums and squatter camps and the necessity for addressing land for housing to poor families, the Department of Urban Development and Building Construction/Ministry of Physical Planning and Works is revising the National Shelter Policy with wider consultations with all the key stakeholders. UN-HABITAT is providing technical assistance for the revision of the policy and will continue to support the implementation of the policy in collaboration with other key stakeholders.

SHELTER AND BASIC SERVICES

In the shelter sector, the contribution of the public sector, private sector and civil society is nominal. Most of the houses are owner-built, irrespective of the level of income, and their quality varies accordingly. The role of the central and local governments are limited to the formulation of building bylaws and issuing building permits and monitoring construction up to a point. Basic urban services, such as water, sanitation, electricity, access improvement and municipal services follow after the houses are constructed. The process is unrealistic, and therefore, while the buildings are legally constructed, urban sprawl and haphazard growth is widespread in cities and towns in Nepal.

Recently, housing companies have emerged in bigger towns, that provide serviced apartment and building together with credit facilities, but they are limited to those who can afford (middle and high income groups). Government and municipalities introduced land-pooling projects that increase the supply of serviced land for shelter construction. These initiatives are very much appreciable but are limited to those who can afford them. As a result, the poor are deprived of access to housing, and the only alternative left to them is to either stay in slums by renting rooms without facilities or to squat on marginal public lands. What is needed is to expand these public and private initiatives with special focus on low income families and a revised National shelter Policy would certainly address these issues.

Although a housing policy was introduced in 1993, and the various five year development plans have been highlighting policies for housing the poor, very little has been done systematically to address the critical issue of housing for the poor and slum and squatter upgrading. One of the reasons for the Housing/Urban development sector to lag behind compared to neighbouring countries in South and South East Asia is the lack of broader and systematic approach to the delivery of housing for the poor. The National Shelter Policy currently under revision would have a two-pronged approach, namely, curative and preventive.

Curative measures include upgrading of informal settlements by providing them (a) access to improved physical and social infrastructure, and (b) income opportunities by introducing saving-and-credit and providing access to finance. Preventive measures include (a) increase in the supply of rental accommodation by encouraging people to build rental accommodation targeted at poor families, (b) provide access to finance for housing (especially low-income housing),

(c) provide access to developed land for poor families by earmarking certain percentages in land pooling/development (private or public) and housing projects, and (d) implement low-income and low-cost housing projects.

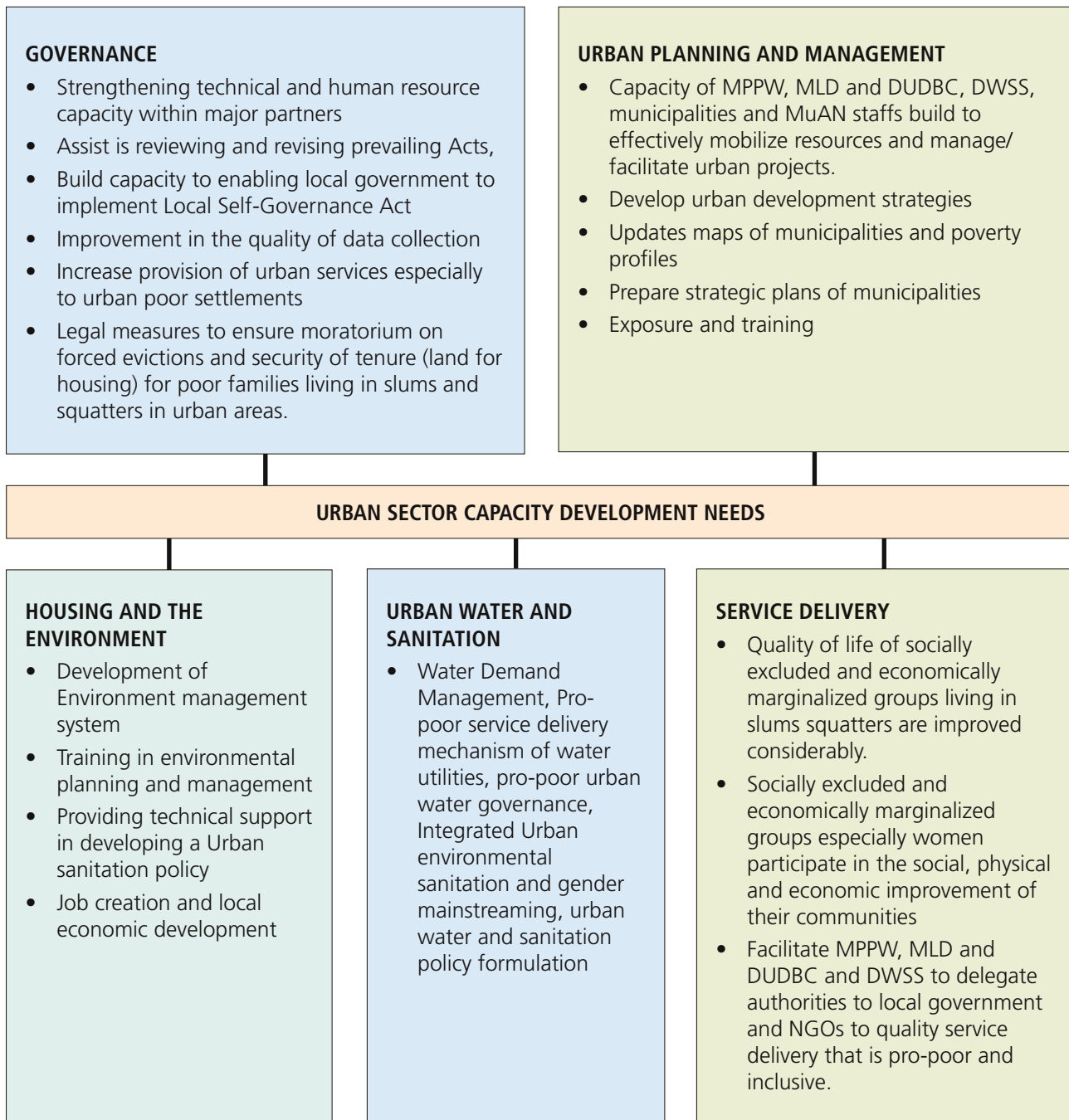
FOCUS AREA 4: ENVIRONMENTALLY SOUND BASIC URBAN INFRASTRUCTURE AND SERVICES

URBAN WATER AND SANITATION SITUATION

Drinking water and sanitation facilities are directly related to human health and daily life of human being are their basic need. Adequate development and providing access to drinking water and sanitation facilities contribute to public health while a healthy workforce significantly contributes to the overall development and progress of the nation. Development of this sector positively contributes to the poverty reduction through health status improvement of the people, additional income generation through a healthy workforce, reduction of treatment costs etc.

According to the Common Country Assessment, the number of people with access to improved drinking water facilities should meet the Goals 7 target 10 if the maintenance of the facilities has been adequately addressed as the installation of improved water supply facilities is progressing well. The increasing participation of user groups in the construction, operation and maintenance of drinking water systems is a positive approach to ensuring sustainability of the water supply systems. Even though around 76% of the population has access to drinking water facilities, Nepal is still way behind in meeting the sanitation Goals target. Only one fifth and one third of Nepalese residing in rural and urban areas respectively have improved sanitation facilities. However, information on sanitation coverage is inconsistent. According to the Nepal Population and Health Survey 2007, about 37% of urban households, and 20% of rural households are using improved latrines. According to the Ministry of Physical Planning and Works, some 46 percent of the population is using proper latrines. In this scenario, the Common Country Assessment has rightly pointed out that the key challenge for increasing the sanitation coverage is to ensure that the poor and the marginalised people of the urban fringes and the rural areas have access to improved drinking water sources and construct and use their own latrines.

URBAN SECTOR CAPACITY DEVELOPMENT NEEDS



The table above presents the three main urban capacity development needs in Nepal: governance, urban planning and management, housing and the environment, urban water and sanitation and service delivery. As these are cross-cutting components, they emphasize capacity development priorities of all focus areas of the Nepal UN-HABITAT Country Programme Documents.

RECENT AND ON-GOING WORK

The following tables provides an introduction to projects recently implemented or currently underway in Nepal, by UN-HABITAT and its partners. The matrix illustrates details of donors, budgets and outlines the main activities and objectives of each programme.

UN-HABITAT

Project Title	Time frame	Budget (USD)	Funding Partner(s)	Partner(s)	Main Activities / Outputs
Assistance to IDPs and Returnees	2008	200,000	CERF	Norwegian Refugee Council (NRC)	Provision of basic non-food items and emergency shelter materials to 605 vulnerable families of (IDPs or returnees)
Slum and squatter upgrading	2007-2008	75,000	UN-HABITAT	MPPW/DUDBC and MuAN	Preparing a grant proposal for assistance from Cities Alliance to develop a nationwide upgrading of slum and squatter settlements and investment programme in Nepal
Community based Housing for the Marginalised	2008 - 2010	1,700,000	United Nations Human Security Trust Fund	MPPW/DUDBC and Rural Housing Company	Assist marginalized communities and families with a package of assistance to address some of the fundamental causes of their poverty and living conditions.
Pro Poor Urban WATSAN Governance	2005 - 2010	414,720	UN-HABITAT	MPPW / DUDBC, DWSS; Municipalities	To prepare poverty map, gender assessment and need identification for the poor on environmental sanitation sector of Municipalities
Urban Water Demand Management	2005 - 2010	141,050	UN-HABITAT	MPPW / DUDBC, NGO FORUM, Municipalities	To facilitate with the Government of Nepal in addressing in the national policy and promote Rain Water Harvesting at wider scale by capacity building.
Integrated Urban Environment Management	2005 - 2010	1,039,839	UN-HABITAT	National NGOs - ENPHO, CIUD, Lumanti, Water Aid, Practical Action, Municipalities	To enhance institutional and human resources capacities at local levels for the sustainability of improved water and sanitation services and enhance local private sector capabilities for participation in service delivery
Capacity Building and Advocacy on urban WATSAN	2006 - 2010	1,138,183	UN-HABITAT	MPPW / DWSS; Water Aid Nepal, Practical Action Nepal, Municipalities	Increase technical and management capability of WUSCs for better service delivery and increase sanitation and water supply coverage for the poor through establishing a mechanisms of micro financing and or Revolving Fund

UN-HABITAT

Project Title	Time frame	Budget (USD)	Funding Partner(s)	Partner(s)	Main Activities / Outputs
Human Value Based WatSan and Hygiene Education	2007 - 2010	120,300	UN-HABITAT	National NGO - ECCA	Sensitize HWWSHE concept to policy makers and concerned stakeholders, Develop a new water use ethics in the society

PARTNERS

Organization	Activities
Asian Development Bank	The Asian Development Bank has been assisting the Government Of Nepal in the urban sector for more than 15 years, and remains the lead lending agency in the urban development sector. . The Asian Development Bank currently assists the Government in the implementation of its Urban Environmental Improvement Project (UEIP), the Water Supply and Sanitation Sector projects and support of the Private Sector in undertaking poverty focused Water Distribution.
The World Bank	The World Bank wishes to see the development of a larger visionary framework for the urban development sector in Nepal. It plans to carry out an Economic Sector Work (study) of the Kathmandu Valley, which is likely to include the issue of low-income housing.
United Nations Development Programme	United Nations Development Programme has been projects related to the human settlement development sector in Nepal, the Rural Urban Partnership Programme, the Public Private Partnership for the Urban Environment, the Earthquake Risk Reduction and Recovery Programme, and phase two of the Disaster Risk Reduction at the National level in Nepal.
German Technical Cooperation	Urban Development through Local Efforts is a bilateral cooperation programme between the government of Nepal and the Federal Republic of Germany in the priority area of cooperation "Strengthening Local Self-Governance and Civil Society". The programme aims to stabilise local governance capacity with the view of improving the living conditions of the poor.
Municipality Association of Nepal	Mandated to establish an institutional foundation for the smooth transition and handover of the next group of elected officials of Municipality Association of Nepal. It could be a very good partner to UN-HABITAT in reaching all the 58 municipalities. Municipality Association of Nepal sponsored the application submitted to Cities Alliance by the Ministry of Physical Planning and Works for funding, to prepare a project proposal on slum upgrading strategies an and investment programme.

STRATEGY

NATIONAL DEVELOPMENT GOALS AND PRIORITIES

The Ministry of Physical Planning and Works, the main institution at central government level, is responsible for developing guidelines and programmes for housing and urban development, water and sanitation activities for the whole nation. The activities of The Ministry of Physical Planning and Works are mainly focused on: urban development and housing, town development, construction and maintenance of government buildings, resettlement of homeless rural families, water supply, drainage and sewerage, and other environmental activities concerning with physical development programmes. The approved National Urban Policy and forthcoming National Housing Policy (currently under revision) will be instrumental in setting pro-poor national development goals and priorities in the sector of housing and urban development.

Department of Urban Development and Building Construction is one of the departments under The Ministry of Physical Planning and Works responsible for urban development, housing, town development and government buildings. It is also responsible for the implementation of National Urban Policy and National Shelter Policy. The Department of Urban Development and Building Construction prepares annual programmes and implements accordingly after their approval by The Ministry of Physical Planning and Works and National Planning Commission. It is essential to prepare the annual programmes of the Department of Urban Development and Building Construction based on national policies and priorities. Recently, the Department of Urban Development and Building Construction prepared a Three-year Interim Plan which complemented the Three-year National Interim Plan which was of particular interest to UN-HABITAT as it complemented the ongoing preparation of the proposal on Slum Upgrading Strategy and Investment Plan for submission to Cities Alliance.

Similarly in the water and sanitation sectors, there are many agencies involved in Nepal under the umbrella of The Ministry of Physical Planning and Works. Department of Water Supply and Sewerage is the lead agency in Nepal in water and sanitation sector. However, Nepal Water Supply Corporation is responsible for supplying drinking water to municipalities and municipalities are involved in sewerage, draining and waste management facilities. Due to the lack of urban water and sanitation policy, the institutional role is not much clearer in the sector.

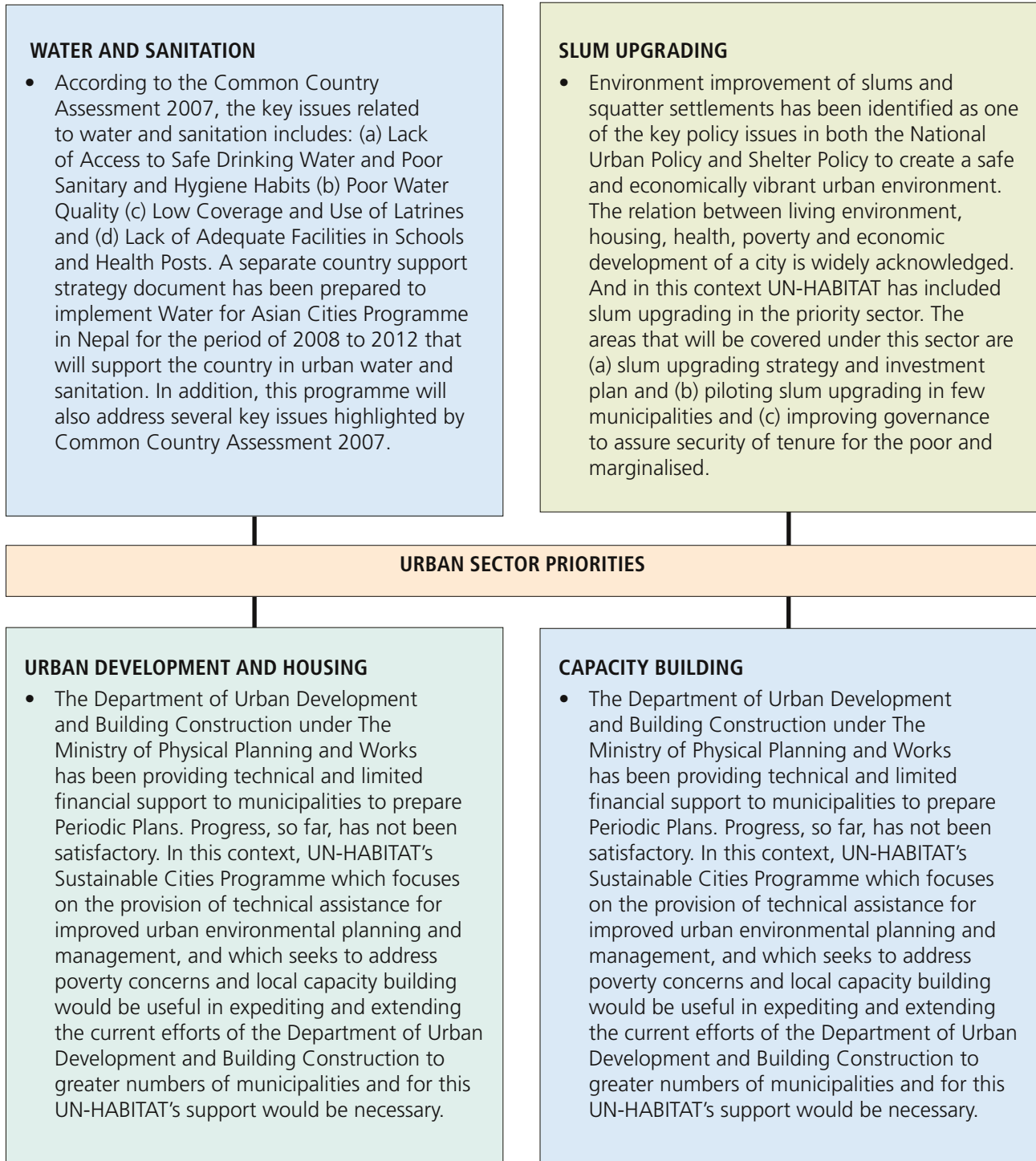
Three Year Interim Plan 2007-2010 and other Plans : With the recent positive political developments that have led to the promulgation of the Interim Constitution, and the formation of a multi-party Interim Government which brought the promise of sustained peace to Nepal, there are emerging signs of a strong policy change towards housing and urban development at the national-level. Reinforcing the objectives of the Three Year Interim Plan 2007-2010, to upgrade 25 slum and squatter communities in the country, the Ministry of Physical Planning and Works has formulated a Vision Paper 2007-2027 on "New Physical Infrastructure Foundation of the New Nepal 2007-2027" that promises to increase access by common Nepali people to infrastructure like road transport, water supply, building and housing. The Vision Paper further promises to launch effective programmes to address the issue of squatter settlements.

Addressing another critical aspect of the problem, discussed earlier in this UN-HABITAT Country Programme Document, the Vision Paper states: "Water supply projects identified and prioritised by users will be implemented with their active participation. Priority will be given to include economically weaker sections, oppressed classes and Dalits (Untouchables) in the leadership of user committees", thereby setting a perfect background for a nationwide pro-poor development strategy to address the long-neglected needs of the millions of slum and squatter dwellers.

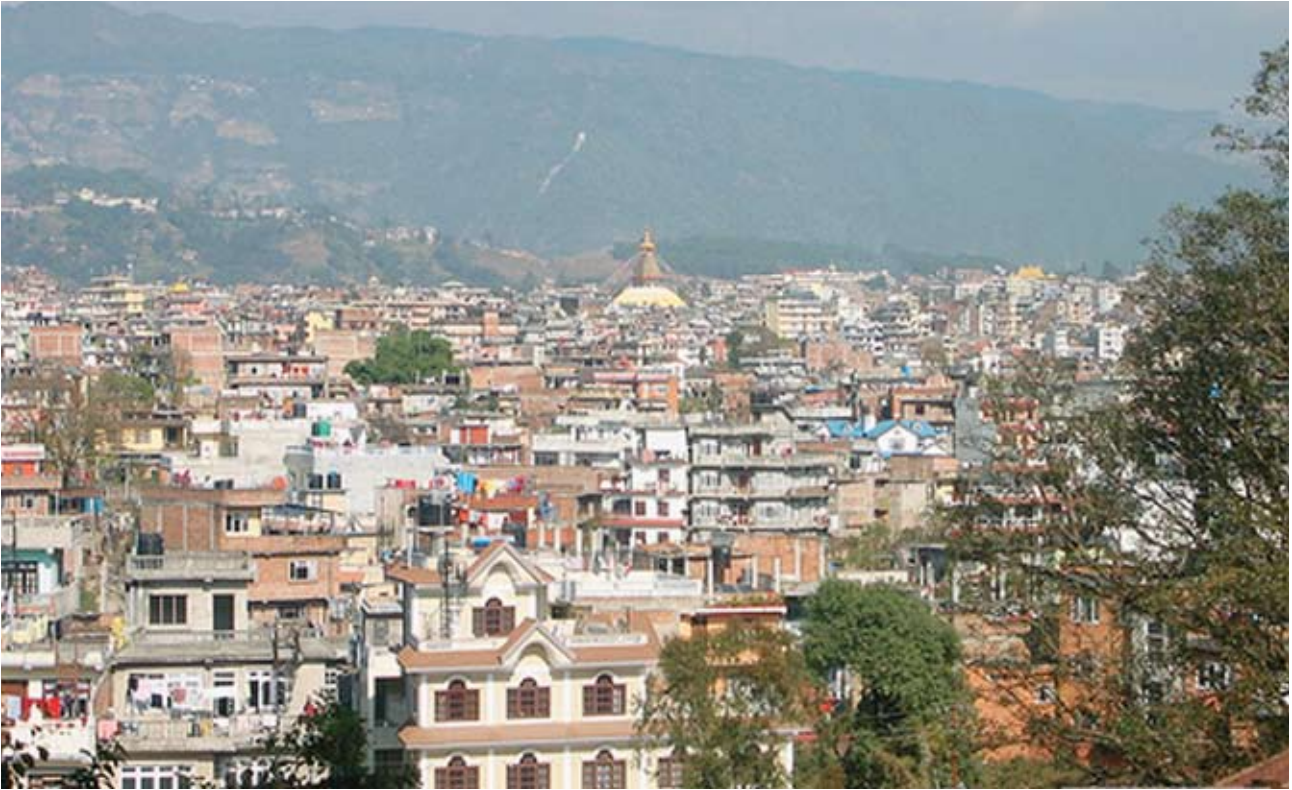
Similarly, the Interim Plan reinforces the outcomes set out by the Poverty Reduction Strategy Paper/Tenth Plan (2002/03 – 2006/07) in the water and sanitation sector. This plan has been designed to carry out development programmes in a planned manner until the newly elected government is formed. The plan indicates equitable access to drinking water for 90 percent of the population.

The Government of Nepal has developed plans like the National Water Plan 2005 and the Three-year Interim Plan 2007-10 to guide the nation in improving its water and sanitation situation. The National Water Plan aims to provide basic drinking water services to 90% population, access to medium or high standard drinking water services to 5% population and basic sanitation facilities to 90% population by the end of 2012.

URBAN SECTOR PRIORITIES



The identified sector priorities that UN-HABITAT would support include (a) water and sanitation (b) Slum Upgrading (c) Urban Development and housing and (d) Capacity Building. Brief information on these priority sectors is presented here and proposes intervention on each of these priorities presented in the results resource framework.



UN-HABITAT'S PROPOSED STRATEGY FOR THE SECTOR

UN-HABITAT presence in Nepal has been more visible with the implementation of the Water for Asian Cities Programme since 2005. Recently, UN-HABITAT in Nepal has been further strengthened by the appointment of its Programme Manager in September 2007. The preparation of this UN-HABITAT Country Programme Document is therefore a very important step forward in assisting the Government and the people of Nepal in the Water and sanitation and human settlements development sector.

Various organisations working on urban and human settlements development in Nepal are familiar with UN-HABITAT because it has been supporting Nepal in one way or another since its establishment as the United Nations Centre of Human Settlement. In the past, UN-HABITAT had sponsored participants from Nepal in training workshops and seminars at regional and international level, which contributed to the capacity building processes of Nepalese professionals. Similarly, the engagement of UN-HABITAT in the Rural-Urban Partnership Programme, Urban Management Programme and Water for Asian Cities Programme has provided opportunity for UN-HABITAT to demonstrate the importance of its mandate, its technical assistance and cooperation activities in Nepal as the United

Nations' "city and shelter agency". However, it is acknowledged that UN-HABITAT should have a permanent presence in Nepal and contribute to the urban development and housing sector in Nepal especially in view of the ongoing peace process and the country's transition to democracy. To contribute effectively and efficiently to the urban development and housing sector in Nepal, UN-HABITAT will adopt the following strategy:

- Establish a UN-HABITAT country office in Nepal with a core team of national professional and support staff. A start has been made in this direction by the recent appointment of the UN-HABITAT Programme Manager
- Advocate and support the implementation of the Habitat Agenda
- Support the establishment of the National Urban Forum and its regular functioning led by the Ministry of Physical Planning and Works
- Participate actively in the Donors' Forum and contribute in meeting the objective of the forum -
- Work in close collaboration with ministries concerned with urban sector such as the Ministry of Physical Planning and Works and Ministry of Local Development.

- Mobilise resources for implementing projects on urban sector especially focusing on the urban poor
- Take main responsibility for assisting Nepalese institutions in localising the Goals (7/10 and 11) and reporting on achievement status
- Provide technical and financial assistance to the Ministry of Physical Planning and Works/ Department of Urban Development and Building Construction and Ministry of Local Development in the formulation and revision of a pro-poor policy
- Enhance the capacity of national professionals engaged in the urban sector by: (a) learning by doing, and (b) by assessing the training needs of key professionals at local and central level, and supporting the provision of appropriate training
- Provide opportunities for Nepalese professionals to participate in regional and international seminars, workshops and training
- Facilitate implementing projects on housing and urban sector by the existing organisations so that support is institutionalised and sustained.
- Similarly, UN-HABITAT will follow the strategies outlined below to meet its urban water and sanitation objectives:
 - pro-poor urban governance to ensure the involvement of local authorities, communities, vulnerable groups in Water and Sanitation service delivery.
 - Increase access to safe water supply services with special focus for urban poor.
 - Improve/increase sanitation coverage and hygiene promotion focusing on poor and excluded communities and promotion of sustainable sanitation practices.
 - Monitor and localise the Goals related to Water and Sanitation.
 - Enhance capacity for sustainable water and sanitation service delivery.
 - Mainstream gender, socially excluded, underprivileged communities and ethnic minorities.
 - Adopt/strengthen sustainable and environmentally friendly solid waste management system.
 - Improve/increase sanitation coverage and hygiene promotion focusing on poor and excluded communities and promotion of sustainable sanitation practices

IMPLEMENTATION ARRANGEMENTS



KEY PRINCIPLES

To supplement the strategy highlighted above, the key principles will be as follows:

Given the current institutional framework at the national-level, the main national counterpart of UN-HABITAT will be the Ministry of Physical Planning and Works for policy matters, and Department of Urban Development and Building Construction and DWSS under the Ministry of Physical Planning and Works for implementing projects. Counterpart for governance aspects will be the Ministry of Local Development together the Ministry of Physical Planning and Works .

Any project assisted by UN-HABITAT will have an Advisory Committee chaired by a UN-HABITAT Focal Person in the Ministry of Physical Planning and Works with other key institutions as members. The steering committee will form sub-committees as and when necessary for the delegation of authorities. UN-HABITAT will be represented in the steering committee and sub committees. Municipality Association of Nepal and concerned municipalities will also be represented in the advisory committee and sub-committees, as and when necessary. The structure of the committees will be decided on the type of project.

UN-HABITAT will assist Ministry of Physical Planning and Works in establishing and operating a National Urban Forum and thematic sub-forums. Co-ordination with major stakeholders will be done through the national urban forum and thematic sub forums.

Coordination with United Nations-Agencies, bilateral and multilateral agencies will be done through donors' forum and United Nations country team.

INFORMATION

The basic problem in the sectors of water and sanitation, and housing and urban development in Nepal, is the lack of information in general and segregated information in particular. Similarly, other areas of concern where information is concerned, is the documentation of experience and best practices. In these sectors, UN-HABIAT will be supporting information collection, documentation dissemination will be in built into project design. UN-HABITAT websites and training tools will also be used for more information.

PROGRAMME FRAMEWORK

Summary Results and Resource Matrix are presented in three programme components of UN-HABITAT namely Housing, Urban Development and Water and Sanitation.

RESULTS/RESOURCES BY THEMATIC COMPONENT

RESULTS/RESOURCES BY THEMATIC COMPONENT			
Expected Results	Key Indicators	Key Partners	Resources (USD)
Programme Component 1: Support to Housing Policy			
<ol style="list-style-type: none"> 1 National housing policy revised and enforced 2 Community-based Housing for marginalized families implemented 3 National Slum Upgrading Strategy and investment plan prepared 4 Three year interim plan on slum upgrading initiative of MPPW/DUDBC supported 5 Capacity of national partners enhanced 6 Emergency response to IDPs and returnees 	<p>Revised NHP approved by the cabinet and enforced</p> <p>Project proposal developed, resource mobilized and 1000 dwelling units constructed, Slums mapped, national investment plan ready and piloting exercise undertaken in 5 municipalities, Additional resources mobilized, Capacity of DUDBC staff and implementing NGOs enhanced, 50 Slums and squatter settlements improved, Exposure workshops, seminars and training sponsored, At least 50 professionals trained 605 families in identified locations receive emergency support package</p>	<p>MPPW/DUDBC, MPPW/DUDBC/Rural Housing Company, MPPW, DUDBC, MuAN, municipalities and NGOs, DUDBC, MuAN, Municipalities and Communities, DUDBC and NGOs, Norwegian Refugee Council (NRC)</p>	3.6 m
Programme Component 2: Urban Development Policy			
<ol style="list-style-type: none"> 1 National urban forum established and operational 2 Localizing MDG and monitoring MDGs supported. 3 Raise the profile of the sector to attract investments 4 Capacity of national partners enhanced 	<p>NUF approved by cabinet, Agreement signed with key partners, Secretariat established and operations, NUF meets twice a year, Achievement of Goal 7/1 reflected in the MDG report, More donors are investing on urban sector, Exposure, workshops, seminars and training sponsored..</p>	<p>MPPW and Donors (ADB, UN-HABITAT, WB, GTZ, Japanese Embassy, JICA and others), MPPW, DUDBC and MuAN, MPPW, DUDBC, MuAN and Donors Forum and DUDBC</p>	200,000

RESULTS/RESOURCES BY THEMATIC COMPONENT

RESULTS/RESOURCES BY THEMATIC COMPONENT			
Expected Results	Key Indicators	Key Partners	Resources (USD)
Programme Component 3: Support in Urban Water and Sanitation			
<ol style="list-style-type: none"> 1 Improved pro-poor urban WATSAN Governance by application of poverty mapping tool 2 Municipalities practice efficient solid waste management services 3 Recognition of Rainwater Harvesting system at national level as one of the alternative option to meet urban water demand 4 Health and Hygiene condition improved in 14 small towns, 4 municipalities and 2 peri-urban communities 5 Livelihoods of 450 households improved 6 Available of arsenic safe drinking water in all arsenic affected districts 7 Developed comprehensive plan for improvement of Bagmati River System 	<p>The poverty maps are prepared and applied in 10 municipalities, New Solid Waste Management Acts & Guidelines prepared and enforced, 5 municipalities prepared their respective strategy & action plans and implemented, Capacity of Municipal staffs enhanced through trainings in SWM & CDM, At least one CDM programme initiated, RWH addressed by government (MPPW/GoN - Vision 2020 and Interim National Plan) and municipalities (as a component of building by laws) as an alternative source for meeting urban water scarcity, Bagmati River Master Plan prepared and implemented by incorporating various dimensions of the river system .</p>	<p>MPPW/DUDBC/NGOs, Ministry of Local Development, Solid Waste Management & Resource Mobilization Centre (SWM/RRMC) and participating municipalities, NGO Forum, DUDBC, & Municipalities, MPPW/DWSS/STWUCs/Municipality/NGOs, MPPW/DWSS/STWUCs, DWSS/Nepal Red Cross Society</p>	<p>3.5 m</p>

REQUIRED BUDGET

The table reflects the budget for the Nepalese UN-HABITAT Country Programme Document. The budget presents a sum of the programme budgets for the three main thematic components covered in the Country Programme. The table displays funding over a 2-year period and highlights the secured versus the non-secured funding for each programme component presented.

REQUIRED BUDGET					
Thematic Areas / Programme Components	Year 1 (USD)	Year 2 (USD)	Secured Funds (USD)	Unsecured Funds (USD)	Total (USD)
1 Operation Cost	261,500	356,550	ADB	Cities Alliance	618,050
2 Component Total	3,900,000	2,178,000	UN-HABITAT and Local Partners		6,078,000
3 Programme Component 1 (Support to Housing Policy)	1,750,000	1,780,000			3,530,000
3 Programme Component 2	150,000	150,000			300,000
4 Programme Component 3	2,000,000	1,850,000			3,850,000
GRAND TOTAL	4,161,500	2,534,550	-	-	6,696,050

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Local Self- Governance act 1999

UN-HABITAT’s State of World City Report 2006/7

UN HABITAT Water for Asian Cities Programme – Nepal, 2007 Country and Gender mainstreaming strategy

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ACRONYMS

ADB	Asian Development Bank
CBOs	Community Based Organisations
CCA	Country Common Assessment
CIUD	Centre for Integrated Urban Development
DDCs	District Development Committees
DEX	Direct Execution (Modality of UNDP)
DUDBC	Department of Urban Development and Building Construction
(DWSS)	Department Water Supply and Swearage
ENPHO,	Environment and Public Health Organization
ECCA	Environmental Camps for Conservation Awareness
GON	Government of Nepal
GTZ	German Technical Cooperation
HCPD	UN-HABITAT Country Programme Document
HPM	UN-HABITAT Programme Manager
HVWSHE	Human Value based Water Sanitation and Hygiene Education
LUMANTI	Support Group for Shelter

MDG	Millennium Development Goal
MLD	Ministry of Local Development
MPPW	Ministry of Physical planning and Works
MTSIP	Medium-Term Strategic and Institutional Plan (2008 -2013)
MuAN	Municipality Association of Nepal
NGOs	Non Government Organisations
PPPUE	Public Private Partnership for the Urban Environment
(PPTA)	Project Preparatory Technical Assistance
ROAP	Regional Office for Asia and the Pacific (UN-HABITAT)
RUPP	Rural Urban Partnership Programme
RWH	Rain Water Harvesting
TDF	Town Development Fund
UEIP	Urban Environment Improvement Programme
UDLE	Urban development thorough Local Efforts (gtz)
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
VDCs	Village Development Committees
WACP	Water for Asian Cities Programme
WB	World Bank



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EXECUTIVE SUMMARY

UN-HABITAT had been present in Nepal intermittently since the late 1980s engaging in a number of technical assistance programmes in the field of human settlements development. In 2005, the Water for Asian Cities was launched in the country focusing on water and environmental sanitation infrastructure and administration. The primary governmental counterpart for this programme is the Ministry of Physical Planning Works and its relevant departments, while secondary counterparts are local authorities. As of September 2007, a Habitat Programme Manager has also been recruited to strengthen representation of the agency with government and the UN Country Team.

This UN-HABITAT Country Programme Document (HCPD) has been developed in the context of a historically significant political transition that is taking place in Nepal at present. The HCPD attempts to address key urban development challenges and priorities on the thematic areas of land and housing, shelter and basic services, capacity development and urban governance.

The coverage of the HCPD is within the framework of the government's of the development goals and priorities on housing, urban development and water and sanitation. The HCPD also follows the framework provided by the Medium Term Strategic and Institutional Plan (2008 -2013) of UN-HABITAT.

The HCPD encompasses three components (1) Support to Housing Policy (2) Support to Urban Development Policy and (c) Support to Urban Water and Sanitation and are as follows;

Support to Housing Policy include components like (a) revision of National housing policy (b) Community-based Housing for marginalized families (c) National Slum Upgrading Strategy and investment plan (d) Supporting three year interim plan on slum upgrading initiative of MPPW/DUDBC and (e) Capacity of enhancement of national partners.

Support to Urban Development Policy include components like (a) Establishment of National urban forum (b) Localizing MDG and monitoring MDGs.(c) Raising the profile of the sector to attract investments and (d) Enhancing capacity of national partners.

Support in Urban Water and Sanitation include components like (a) Improving pro-poor urban WATSAN Governance (b) Promoting Urban Water Demand Management (c) Integrated Urban Environmental Sanitation and (d) Capacity Building and advocacy

It is expected that the HCPD will be instrumental in assisting the government of Nepal in the field of human settlements in partnership with Asian Development Bank (ADB), The World Bank (WB), United Nations Development Programme (UNDP), GTZ – Urban Development through Local Efforts (UDLE), GTZ – Urban Development through Local Efforts (udle) and other development agencies engaged in Nepal.



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