

Issues of Urban Governance in Nepal:

With Special Reference to Kathmandu Metropolitan

Introduction

Nepal is a country situated in South Asia, linear in shape it shares its northern boarder with People's Republic of China and its southern, eastern, western boarder with Republic of India. It has a total population of 26.6 million people and 140,800 sq. km of area. Within a relatively small area, the varied geography accommodates three ecological regions: Mountains, Hills and Terai (plain) area. Administratively the country is divided into five development regions: eastern, central, western, mid-western and far western.

Kathmandu, located in the central region, is the capital of Nepal and the only metropolitan city in the country. Kathmandu Valley consists of three main districts- Kathmandu, Lalitpur and Bhaktapur. These districts along with the valley has total of 899 sq. km of area coverage. Kathmandu Valley is the most important urban concentration of Nepal enjoying the basic amenities like transportation, water supply, electricity, gas, telecommunication, roads, sanitation, education and security.

Nepal is going through a crisis identity in politics. The unstable political conditions have hampered both the economic and social standards and condition of the Nepalese citizens. It was only on 1990 the country was democratized by abolishing the Panchayat system. In 1996 the Communist Party of Nepal (Maoist) declared a "peoples war" against the then government. This conflict lasted for 10 years. According to IMF, Nepal lost approximately 3% of GDP p.a. between 2001 to 2004. The Royal Massacre in June 2001, although independent of Maoist insurgency, jolted the society further. The Constitution Assembly that was established in May 2008 for constitution drafting, was dissolved after four years without having the constitution. The major political parties were engaged in fruitless internal squabbles to fulfill their vested interest and failed miserably to draft the constitution, thus arriving to the same situation where they were before four years.

Urbanization in Nepal

In the mid 18th century Nepal was unified politically. Following unification of the country, east to west and north to south hill trails were developed for administrative purposes. These trails then became the major basis for urbanization. Terai at that time was malaria prone region, covered with dense forest lacking any kind of infrastructure. It was only after the eradication of malaria in late fifties and early sixties, Terai started attracting people from the lesser fertile mountain and hill regions. The main reason that encouraged these migrations were difficult human settlements due to invariable land, harsh weather, rugged terrain, low land productivity, etc.

Nepal has been ranked as the eighth least urbanized country in the world. The percentage of urban population increased from 2.9% in 1954 to 13.9% in 2001 and to about 17 % in 2011. According to the United Nations Human Development Report 2003, world urban population averaged at 55% and Asia averaged at 42.6%; the average urban population among the SAARC region averaged at 22.8%.

Table 1: Urbanization Trend in Nepal

S.No	Census Year	Number of towns	Urban population in millions	Percentage of urban population	Average annual urban growth rate in %
1	1954	10	0.238	2.9	-
2	1961	16	0.336	3.6	1.65
3	1971	16	0.462	4.1	3.23
4	1981	23	0.957	6.3	7.55
5	1991	33	1.696	9.2	5.89
6	2001	58	3.28	13.9	6.65
7	2011		4.53	17.0	

Source: CBS

Urbanization and Growth Pattern in Kathmandu

The total population of Nepal currently stands at 26.6¹million, which has grown at an annual rate of 1.6²percent. The 2011 population census shows that urban population is about 17% percent of the total population of the country. According to one recent World Bank study Nepal is the fastest urbanizing country in South Asia³.

The district of Kathmandu alone accounted for 34% of the total urban population in the F.Y 2001. The decadal population growth of Kathmandu is 60.93% compared to Nepal (14.41%). Kathmandu alone accounts for approximately one third of total Nepal's urban population, which has been growing at a rate of 4.76 % p.a. This rapid urbanization in Kathmandu has made it one of the fastest growing metropolitan city in South Asia.

Table 2: Population of Nepal

	Census 2001	Census 2011
Total Country	23,151,423	26,620,809
Kathmandu District	1,081,845	1,740,977
Urban	3,227,879 (13%)	4,525,787 (17%)
Rural	19,923,544 (86.1%)	22,095,022 (83%)
Terai	11,212,453 (48.4%)	13,350,454 (50%)
Hill	10,251,111 (44.3%)	11,475,001 (43.1%)
Mountain	1,687,859 (7.3%)	1,795,345 (6.7%)

Source: Census 2001

¹ National Population and Housing Census 2011

² Population in 2001: 23,151,423 and Population in 2011: 26,620,809.00

³ World Bank 2012

The peripheral cities of Kathmandu districts i.e. Kirtipur and Thimi are also rapidly expanding. Kathmandu is the urban hub for Nepal and includes five major cities: Kathmandu, Lalitpur, Bhaktapur, Kirtipur and Timi. The total population of the three major districts for the 2001 Census and 2011 Census is given below:

Table 3: Total Population

District	2001 Census	2011 Census	Percentage Change
Lalitpur	337,785	466,784	
Bhaktapur	225,461	303,027	
Kathmandu	1,081,845	1,740,977	

Source: District Development Profile of Nepal, 2012

Factors Leading to Urbanization

The major factors for the rapid urbanization are population growth and migration. Another significant reason is the conversion of rural areas to urban. In the F.Y 1991-2001 reclassification alone accounted for 50% of total urban growth while the decadal urban population in the same period grew by 3%.⁴ The main reason that "pushed" rural population was:

- High level of insecurity caused by the "people's war"
- Lack of job opportunity due to environmental hazards there are limited farm jobs, which was a major source of income for most people in rural areas. Besides there aren't any off farm jobs.
- Lack of basic infrastructure including education and health facilities.

The main "pull" factors for migration to urban areas are better living standards and job opportunities.

Urban Challenges

Nepal is currently going through a political transition where the concern for most citizens today is peace and stability. The unstable political situation has hindered private sector development and job creation. Enterprise in Nepal suffers from massive loss due to "bandhs", labor unions, power shortage and labor demands due to political or union actions. The internal competitiveness is almost insignificant and much of Nepal's revenue is dependent on highly volatile remittance. The economic, social and regional development can only take place when there is security and stability in the country.

In recent years, Nepal has been experiencing rapid urbanization. However meeting an international urban standards has become a growing concern. Even though there has been rapid urbanization in recent years, Nepal still remains one of the least urbanized amongst its South Asian counterparts. The speed of urbanization, nevertheless, has put tremendous pressure on the limited resources. Urbanization in Nepal faces numerous challenges including the issues related to health and sanitation, solid waste management, electricity outage, inadequate infrastructure, deteriorating law and order situation among others.

The other major challenge is the urban poverty. The insurgency period during the peoples war led to the highest increase in urban poverty, where people from rural areas started migrating to Kathmandu to

⁴ World Bank, 2012

secure their lives and property. According to National Living Standard Survey III, about 25.16% of Nepalese are still living below the poverty line. The poverty level in Kathmandu is 11.47%. The main source of livelihood for the urban poor is the informal sector, where people work as laborers, domestic helpers, waste collectors, public transportation, etc to name a few.

Urbanization and Economic Development

The per capita GDP of Nepal in the FY 2010/11 stood at USD \$642 which has increased by 15.46% compared to FY 2010/11. The real GDP growth averaged at 3¾ % compared to 8 to 9 percent of growth rate in its neighboring countries China and India. Agriculture is the main source of income for most Nepalese people. This sector contributes more than one third share to the total GDP of the country and employs more than two third economically active population.. Although agriculture is a main contributor to Nepal's economy it is losing its competitive edge over the years due to erratic monsoon, poor irrigation, deteriorating quality of seed and fertilizer and cheap and subsidized cross boarder food prices. Some of the non-agriculture sectors namely electricity, gas and water and wholesale and retail are facing a negative growth rate in recent years. The negative growth rate in wholesale and retail was affected when the inflation of food and beverage in mid March escalated at 17.3%.

About 25.5% of the total population was estimated to be living below the poverty line according to Nepal Living Standard Survey FY 2008/09. Remittance is said to have contributed significantly in reducing the poverty level in Nepal. For the past several years Nepal has been highly dependent on migration, which acted as a safety net for the Nepalese economy. Remittance income in the FY 2008/09 stood at NPR 209.70 billion, which rose by 47 % compared to previous year. The high dependence on remittance has made Nepal a consumption oriented economy. The consumption to GDP ratio that stood at 88.33% in FY 2000/01 increased to 93.3% in the FY 2010/11. The domestic saving rate in the same fiscal year fell from 11.7% to 6.7%. Due to current global crisis's remittance income in the FY is estimated to be around NPR 259.53 billion⁵.

Urban population alone accounts for 65% of the total GDP. However the public capital expenditure averaged at USD 9 per capita, which is insufficient to meet the growing urban demand (World Bank 2012). The budget allocated for three districts of Kathmandu valley was about 5.41 percent of the total budget of the country in year 2011. This is highly inadequate to improve the quality and living standard of the urban Kathmandu, which calls for serious attention to meet the growing need of urbanization.

Kathmandu is no doubt urbanizing at a rapid scale but it is becoming increasing difficult to sustain this growth and manage the urbanization. The population of Kathmandu Valley is increasing at a greater speed than its predicted growth. The rapid expansion of physical coverage, unstable political situation and not clearly defined urban policy contribute to ineffective governance and complicate the process of managing Kathmandu Valley. In addition there is a lack of coordination between central and local authorities in planning and delivery of infrastructure and services.

The unsatisfactory economic development is primarily attributed to political instability, weak infrastructure including shortage of electricity, labor strike and weak connectivity of eastern and western

⁵ Economic Survey 2010/11

regions with domestic and international markets, high dependence on volatile remittance and decreasing expansion of bank credits.

Nepal is in dire need to reform its policies related to economic liberalization, decentralization, human rights, civil society and good governance. The lack of coordination between the local and central agencies often hampers the public interest at large. The unstable governments during the last several years have directly impacted the work on decentralization in Nepal. The local governance like District Development Committees (DDCs), Village Development Committees (VDCs) and municipalities have been caught between myriads situations.

Major Urban Governance Issues

a) Limited health & sanitation

Many Nepalese today suffer from chronic, non-communicable disease like diabetes and cardiovascular disease, stroke and high blood pressure. Rapid urbanization of rural areas is the primary reasons for such epidemics. According to Nepal Public Health Foundation, approximately 42% of death in Nepal is due to chronic disease and by 2030 rates are expected to reach 66.3%.

The sanitation issue in Kathmandu Valley ranges from unsafe drinking water to insufficient rest rooms. Currently there are very limited public restrooms to cater the entire population of Kathmandu Valley. Due to dearth of public spaces, there aren't any public restrooms even in the tourist hubs like Durbar Marg and Thamel.

Spilled wastewater is another major concern of Kathmandu Valley. It is believed that much of the wastewater system is in poor condition and has exceeded the normal working life. Currently there are five municipal waste water plants (WWTP) out of which only one is functioning.

b) Inadequate power supply

Energy crisis is a serious constraint for Nepal's economic and social development. Although Nepal is significantly rich in water resource, unfortunately less than 1% of the potential 83,000 MW of hydropower is being utilized. The under utilization is due to insufficient budget with the government and lack of foreign investment contributed by unsteady political situation.

Nepal Electricity Authority (NEA) owned and managed by the government has a monopoly on electricity supply. NEA is currently meeting only 15% of the total electricity demand. The total energy demand for FY 2010/11 was approximately 3,850.87 GWh of which 81.58% was domestically met and 18.42% was imported from India. Of the total unmet demand 20.33% was curtailed by load shedding. NEA also buys a bulk of its electricity from Independent Power Producers (IPP's), under the Power Purchase Agreement. NEA is their sole buyer and has the responsibility of generating, transmitting and distributing electric power.

The unique topography of Nepal provides ample opportunities for large and small hydropower. Although there are many hydropower projects that are under construction most of them have not been completed due to lack of fund and overriding laws and policies.

Rapid urbanization has increased the electricity demand at both household and Industrial level. Frequent load shedding has been a major challenge for Nepal. This crisis has affected most of the industries, school children, and housewives. According to World Bank 2012, approximately ninety nine percent of the firms suffer due to power outages, which is about 16 hours per day for approximately 4-5 months from winter to spring. The total loss incurred by the firms is approximately 22%, where as the losses for tourism sector is about 31.3%.

c) Shortage of drinking water

Access to piped water supply in the urban areas has declined by 10% during 2003 to 2010. Although 93% of Nepal's urban population has access to piped water supply compared to other regions of South Asia, it is not very hygienic. Less than 20% of the population receive reliable water supply due to mismanagement of water demand and supply World Bank, 2012. Shortage of water supply is a major crisis for most people in Kathmandu Valley. Total estimated demand for water in Kathmandu is about 270 million liters per day out of which only 180 million liters can be supplied. During the dry seasons only 95 million liters per day is supplied. The main reasons for the decline in access to drinking water are, increase in urban population growth, lack of expansion of piped network and loss due to old pipes. In addition to water scarcity there is a growing concern of environmental hazard caused due to domestic wastewater management. Most of the domestic wastewater from Kathmandu Valley is discharged at local rivers without any treatment. It is believed that much of the wastewater system is in poor condition and has exceeded the normal working life. Currently there are five municipal waste water plants (WWTP) out of which only one is functioning. In addition the ground water of the Valley is also depleting due to excess extraction. It is estimated that current extraction of ground water is 6 times higher than the limit, which has lowered the groundwater table to 2.5 meters per year.

d) Poor environment infrastructure and services

Solid waste management is another urging issue for Kathmandu Metropolitan. Kathmandu Valley emits approximately 1,000 tons per day of solid wastes of which only 900 tons are collected. These wastes are managed by sweepers, who collect the waste at roadside or in private container, which is then picked by KMC. The waste is either dumped along the river banks (in Bagmati which is considered a sacred river) or taken to Municipal landfill at Sisdol. About 400 metric ton/day is disposed at Sisdol. The urban attitude of "throw and forget" is a major challenge which results in huge trash along the main roads of the valley. There is no law or policy to penalize such attitudes in Nepal.

e) Unplanned and haphazard housing developments

The rapidly increasing urbanization in Kathmandu also demands for shelter and infrastructure. It is usually the lower and lower-middle income groups who build houses in open spaces using their own

supplies. However most of these buildings and infrastructure are unplanned and have resulted in sub-standard and irregular housing patterns. New houses are built in Kathmandu without proper planning, which is due to limited intervention of public sector. It is only recently that KMC has started demolishing such illegally constructed houses. However the construction and maintenance of roads remains a major challenge for the KMC.

f) Poor road network

One of the major problems of Kathmandu Valley is its poor road network, which is very narrow to accommodate the ever-increasing traffic. Most roads are just two lanes. Unmaintained roads and ineffective road management is further impeded by limited budget allocated to road construction and maintenance. Due to narrow and unplanned roads there is frequent traffic jams. The unsystematic shops, which have been built in, a haphazard manner often adds to the already problematic traffic jams. Speedy road construction and maintenance is important for rapidly urbanizing Kathmandu Valley both to attract foreign investments and tourists. There are limited pedestrian way in the city. Public transportation is not very reliable and considered unsafe which have added to the congestion. The other main contributor to road congestion is cheap vehicle loans provided by banks and financial institution.

The Department of Roads under the Ministry of Physical Planning and Works is currently undertaking the project called Kathmandu Valley Road Improvement Project. Although the project started in 2007 it is being implemented currently (2012). The project aims to widen the current lane of two to four lanes. This was mainly initiated to enhance the traffic management. But the construction and maintenance of these roads are likely to take longer than anticipated, there by causing inconveniences to the pedestrians.

Conclusion

Urbanization has a massive potential to increase the economic development of Nepal. It can contribute to regenerate the urban areas so as to foster economic growth and sustainability. The economic growth can eradicate the urban poverty. However, this will be possible only via "Good Governance" for with both the government and the local mass must actively participate.

The historic buildings of the valley have suffered considerable and irreparable destruction, thus the historic architecture needs to be urgently protected and preserved. Kathmandu Valley once an epitome for tourist sites has lost its favor. There is a need to remodel Kathmandu valley into a tourist destination by bettering the infrastructure, preserving historic monuments and improving the sanitation and environmental conditions of Valley. Tourism can be a huge income generating factor for the locals and contribute towards the economic growth of the nation and an important factor to eradicate poverty.

Kathmandu Valley is rich in history and culture. There are currently 7 UNESCO world heritage sites in Kathmandu Valley. The conservation of Nepal's historic sites has the capacity to attract significant number of tourists from all over the world which would revitalize the urbanization.

There is severe drinking water shortages in urban areas of Nepal, specially in Kathmandu valley. The present water supply in Kathmandu as well as in other urban areas are not adequate as well as the water quality is not reliable. There is a need to explore possibility of tapping rain water for meeting the growing water demand in urban areas. The rainwater harvesting can also help in recharge the ground water aquifers. The government should consider to conduct a detailed research on potential areas for rainwater harvesting.

Harnessing of solar power can be an alternate source of energy for meeting growing power needs of urban Nepal in the short term. Nepal is blessed with adequate sunshine to generate solar radiation. Nepal has approximately 300 days with average sunshine hours of 6.8/day. The government should encourage the private sector by providing subsidy and adequate research in the solar energy sector. Solar energy is environmentally friendly in addition to being affordable and less noisy.

Proper urban planning using land-use planning tool can be used to for infrastructure management. There should be clear rules and policies about building homes with proper government interventions. The focus should be on decentralized policy by synchronizing the administrative and policy duties among the central and local level government authorities.

REFERENCES:

- GTZ, 2008. *“Responding to Urban Development Needs in Nepal”*
- His Majesty’s Government of Nepal, 2002. *“Policy Paper on Decentralization”*
- International Crisis Group, 2011. *“NEPAL: Identity Politics and Federalism”*
- Karki, 2004. *“An Assessment of Regional and Urban Development and Programmes of Nepal”*
- Mathema, 1999. *“Housing and Land Markets in Kathmandu, Nepal”*
- Ministry of Finance F.Y. 2011-12. *“Budget Speech”*
- Pant and Dongol, 2009. *“Kathmandu Valley Profile”*
- Pun, 2012. *“Capital Spending Affected by staff transfers,” Published in The Kathmandu Post”.*
- Sharma 2003. *“Urbanization is road to development”, Published in the Himal Magazine.*
- Shrestha. *“Chapter 9: Trends, Patterns and Structure of Economically Active Population”*
- United Nations Development Programme (UNDP) (2003). *Human Development Report 2003 (New York, Oxford University Press)*
- US Aid, 1996. *“Good Urban Governance in South Asia”*
- World Bank, 2008. *“Social Analysis in the Urban Sector: A Guidance Note”*
- World Bank, 2012. *“NEPAL: Urban Growth and Spatial Transition: An Initial Assessment”*