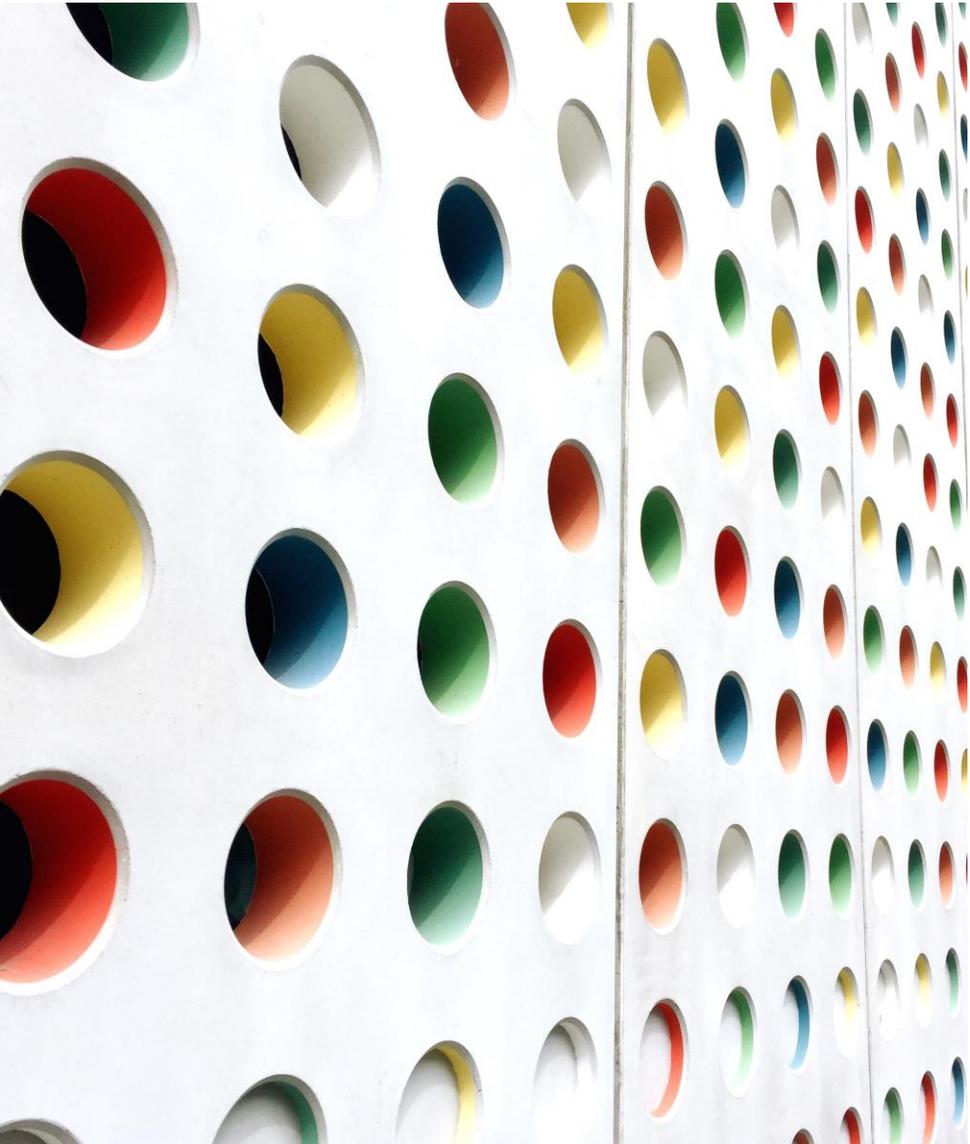


# Housing and Urban Development in Nepal: Challenges and Opportunities



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**EXPERT GROUP MEETING IN CELEBRATION OF THE  
30TH ANNIVERSARY OF THE INTERNATIONAL YEAR OF FAMILY, 2024**

Kuala Lumpur, Malaysia

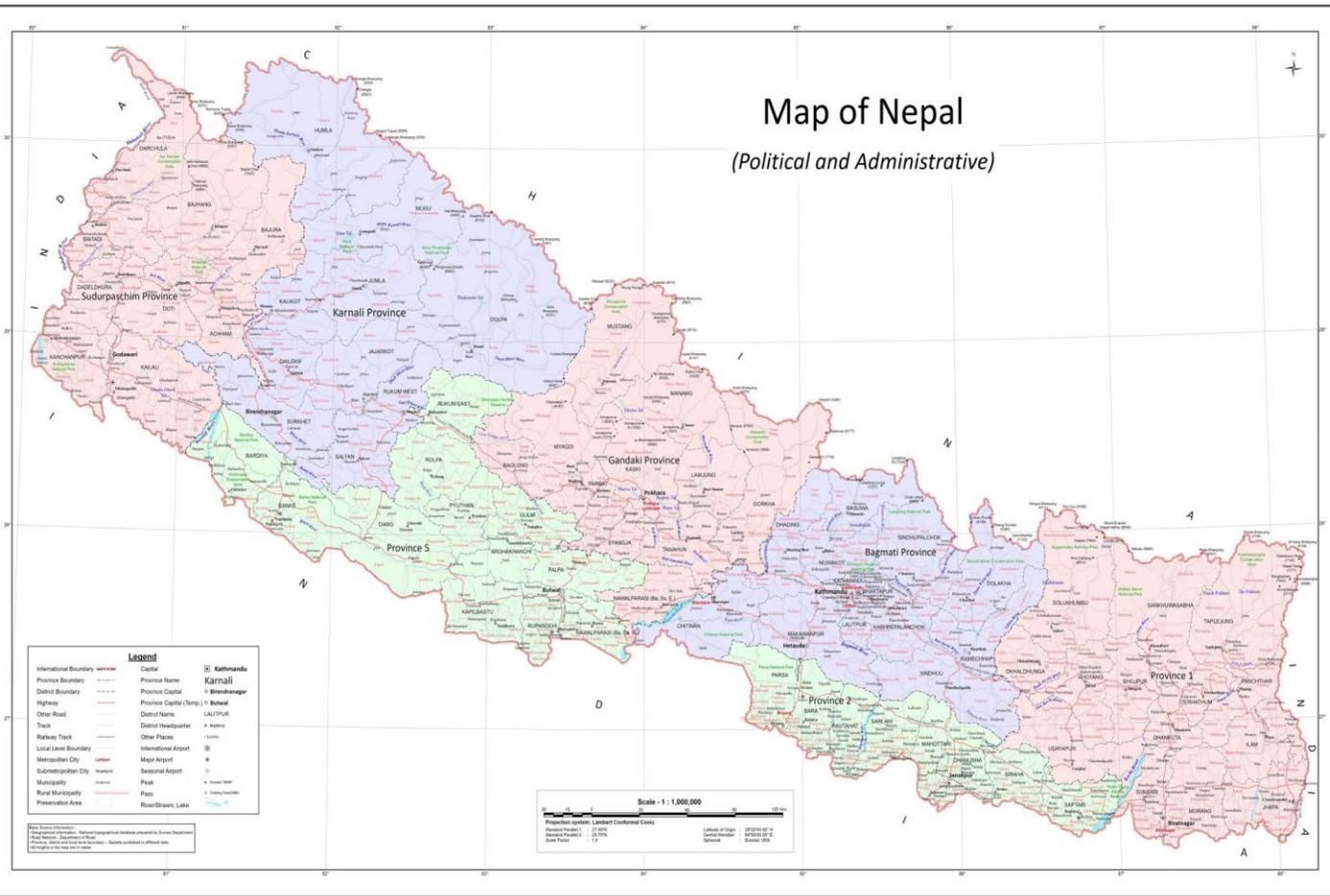
February 28-29, 2024

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# Introduction of Nepal

- Landlocked and beautiful south Asian country nestled between two large countries, India and China
- Population of approximately 29.16 million with a population density of 198 persons per square kilometer
- The country's population growth rate is 0.92%
- Covering an area of 147,181 sq. km
- Represents only 0.03% of the world's total area and 0.3% of Asia
- Federal Democratic Republic divided into seven provinces (Koshi, Madhesh, Bagmati, Gandaki, Lumbini, Karnali, Sudurpashchim)
- 77 districts and 753 local units (293 urban municipalities and 460 rural municipalities).
- Goals to graduate from LDC status by 2026 (previously 2022) and achieve middle-income country status by 2030



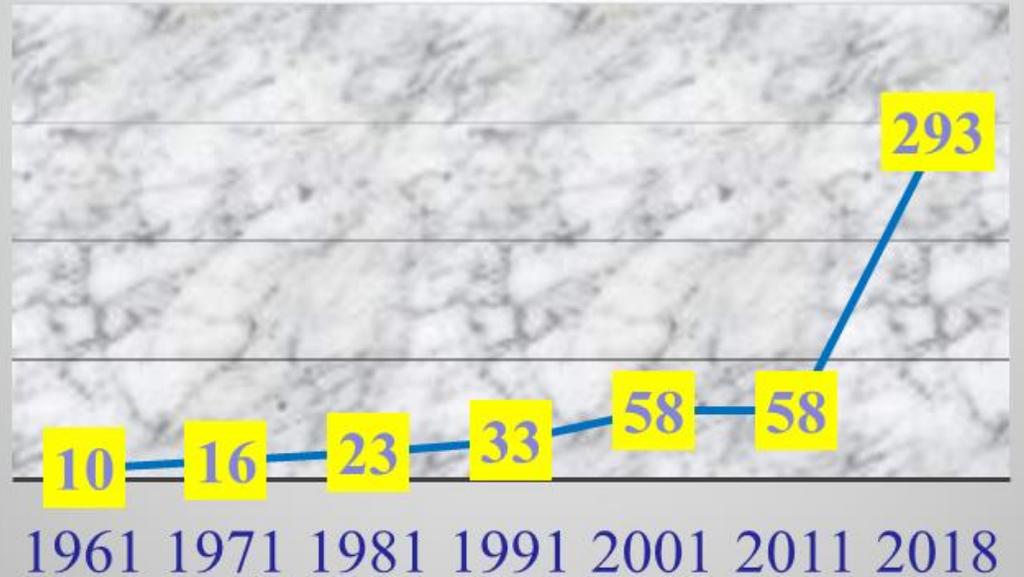
Source of Map: <https://mofa.gov.np/>

# Urbanization Trend of Nepal

Unplanned and Rapid



## Number of Municipalities



- Rapid urbanization in Nepal is driven by rural-to-urban migration and the government's declaration of municipalities
- 293 Urban Municipalities ( 66.2%) and 460 Rural Municipalities ( 33.8%) ( NSO, 2023)
- Urban Areas ((Urban Centre, Dense urban cluster, Semi-dense urban cluster) 27.07% (NSO, 2024)



# Urbanization Trend of Nepal

- Rural Urban Migration ( Security, Education and Health, Better services and Job Opportunities )
- The distribution of municipalities across provinces is uneven, reflecting an unbalanced urban development.
- Koshi, Madhesh, Bagmati, Gandaki, Lumbini, Karnali, and Sudurpaschim are 49, 77, 45, 27, 36, 25, and 34, respectively.
- Kathmandu Valley, starting with the preparation of a comprehensive development plan in 1969.
- Planning Initiatives : Land Pooling , Integrated urban development Plan, Regional Urban Development Plan, New Towns, Smart Cities



# Housing Situation of Nepal

- Constitution of Nepal 2015 has considered housing and clean-living environment as a fundamental right of the people of Nepal.
- The National Shelter Policy 2012 guarantees that all residents of Nepal have access to affordable and safe housing while promoting environmentally friendly and sustainable housing practices.
- The Right to Housing Act 2018
- In Nepal, the ownership of housing units belong to rent is 12.77% of total households (6660841 households).
- Owner Built house Vs organized housing and professional Built houses
- Population living in Slum and squatters in 2015 was 0.5 million



# Housing Situation of Nepal

- Expected to reduce population 125000 by 2030 as per Sustainable Development Goal -11 (SDG-11) set by Nepal. (NPC, 2017b)
- SDG -11 targets by 2030 for house hold units roofed with thatched/straw roof (%) is 5 to be reduced from 19 in 2015
- Households living in safe houses (%) to increase 29.8 in 2015 to 60 in 2030. (NPC,2017b)
- National Building Code existed
- Mountain areas building are made of stone and mud, vulnerable to earthquake
- Settlement are on steep slope so vulnerable to the risk of landslides



# Socio-Economic Impacts of Migration on Urban Areas

- Rural-to-urban migration (29% of the population in the Census 2021 relocated, with 61.6% moving from rural to urban areas for work, business, and education purposes)
- Approximately 23.4% of the population in Nepal, equivalent to 2,190,592 individuals from 1,555,961 households, are living abroad.
- The remittances sent by these individuals are commonly used by their families to purchase land and houses in nearby urban centers or in the Kathmandu Valley.
- One of the key socio-economic impacts of migration is the strain it puts on urban infrastructure and services.
- From 1970-1980 to 2000-2010, the built-up area increased by 31%, 89%, 125%, and 191% respectively. (KVDA, 2016)
- In 2012, the built-up area covered 16% of the Kathmandu Valley, while agriculture covered 47% and forest/vegetation covered 35%. Agricultural land decreased by 18.86% from 1990 to 2012, while the built-up area increased by 211.5%. (KVDA, 2016)
- This expansion has come at the expense of agriculture and forest land, recreational spaces, and water bodies, causing negative environmental impacts.

# Socio-Economic Impacts of Migration on Urban Areas

- Concentration of migrants in urban areas often leads to overcrowding and overburdened public services
- The insufficient provision of quality healthcare, education, and employment opportunities further deepens socio-economic disparities within urban communities.
- The strain on resources and services also affects the overall livability and quality of life for urban dwellers
- Migration in Nepal both challenges and Opportunities for Urban Development
- It strains infrastructure and Housing and disparities in accessing services
- Migrants bring skill and entrepreneurial spirit that contribute to economic growth and innovation
- Migration are sometime displacing the local people and dilute the local culture
- Urban development initiatives of Government: Land pooling project for service land supply, private sector interest for providing organized housing ( Apartment and Housing project)
- Collaborative approach can address the impacts of migration and create sustainable and inclusive urban environment.

# Challenges of Urban Development and Housing

1. Rapid Urbanization: Immense pressure on existing infrastructure and services; Lacking basic services.
2. Informal Settlements and slums: 0.5 million population in 2015
3. Affordable Housing: Rising cost of Land and construction materials, Lack of sufficient and easy access to housing finance, Approx. 23% households have housing units made of mud-bonded bricks or stone and 3% households in Urban areas have roofs made of thatch or straw.
4. Infrastructure Deficiency: Inadequate Infrastructure and encroachment of green infrastructures ( parks and ponds), particularly for senior citizens
5. Disaster Resilience: Nepal is 4<sup>th</sup> and 11<sup>th</sup> vulnerable country in terms of climate change and earthquake respectively.

# Challenges of Urban Development and Housing

6. Limited Urban Planning: Absence of Comprehensive urban planning, Lack of proper zoning regulation, Land use plan and guidelines.

7. Insufficient Investment: Huge investment gap, Approx. 4.5Bn US\$ for the period of 15 years Investment deficit for 58 municipalities( TDF,2016)

8. Demographic Transition: The demographic window began in 1992 and will end 2047, last for 55 years ( NPC, 2017); Nepal will be ageing society around 2028 an aged society around 2054. This has not be taken properly in urban planning and housing development.

# Opportunities for Urban Development and Housing

- 1. Policy Reform:** Change context- Implementation of federal system, increased capacity of private sector, demographic transition to aged society, NRN participation, growing trend of remittance, updated risk management mechanism etc.
- 2. Slum upgrading and rehabilitation:** Nepal can offer improved housing, basic services, and infrastructure to marginalized communities, thus fulfilling the international commitment to achieve SDG-11 by 2030 for reducing population living in slums and squatter from 500 thousand to 125 thousand; the percentage of household units roofed with thatched/ straw roof from 19 to 5 and the percentage of households living in safe houses from 29.8 to 60. (NPC, 2017b)
- 3. Public Private Partnership:** Encouraging collaboration between the public and private sectors can unlock resources and expertise for urban development and housing projects. Nepal has the Public-Private Partnership and Investment Act 2019.
- 4. Sustainable and Resilient Urban Planning:** Nepal can take advantage of the newly declared municipalities, which face housing deficits, inadequate infrastructure, and services. Prioritizing green infrastructure, efficient resource management, and disaster-resistant construction techniques

# Opportunities for Urban Development and Housing

## 5. Capacity Building and Community Engagement:

- Investing in capacity building programs and promoting community engagement empower
- Collaboration with development partners and establishing partnerships between government agencies and academic institutions support capacity development
- Through awareness raising, training, and involving communities in decision-making,

## 6. Innovation and Technology:

- Exploring smart city concepts, Green Buildings, leveraging digital solutions for improved service delivery, and adopting innovative construction techniques.
- Encouraging the involvement of Non-Resident Nepalis (NRNs) can bring investment, skills, international experiences, and innovative technology
- Establishment of the National Building Research Centre and Specialized research center at province

**7. Utilization of Remittance:** In the fiscal year 2022/2023, the number of young Nepali individuals seeking foreign employment increased to 771,000, representing a rise of 134,214 individuals compared to the previous year. (My Replica, 2024) ;

- remittances accounted for 22% of Nepal's GDP.
- Can utilize for housing and infrastructure development with proper arrangement

# Policy recommendations

## 1. Update Housing and Rental Policies:

- The government should introduce new housing and rental policies replacing existing National Shelter Policy 2012 that address the housing needs of low-income individuals and marginalized communities, considering the changes in the country's federal system.
- Considering the demographic shift towards an aging society, housing for the elderly is an important area that requires attention and focus.

## 2. Diverse Initiatives:

- The new housing policies should encompass a range of initiatives, including the establishment of public rental housing schemes, organized rental housing systems, Green Building practices, Cooperative Housing projects, and mass affordable housing initiatives.

## 3. Provision of Basic Amenities and Services:

- The housing policies should prioritize the provision of basic amenities and services within housing projects.

## 4. Encourage Private Sector Investment:

- Private sector investment should be actively encouraged in the housing sector.

# Policy recommendations

## **5. Service Plots and Land Pooling:**

- Provisions for supplying service plots based on integrated development plans and implementing land pooling projects.

## **6. Develop Comprehensive Urban Planning:**

- Establishing zoning regulations, integrating risk-sensitive land use planning considering climate change and natural disaster risks, and adopting spatial development strategies to promote sustainable, green, smart, inclusive, and resilient development.
- Taking into consideration of demographic transition to aged society, it is necessary to have urban planning focused on aging society as well.
- Develop a new National Urban Policy that replaces the outdated National Urban Policy of 2007.

# Policy recommendations

## **7. Integrate Urban Agriculture with Urban Planning:**

- To enhance sustainability and resilience, it is recommended to integrate urban agriculture into urban planning. Implementing the concept of a "Food Green City" can help cities and municipalities of Nepal incorporate urban agriculture practices, ensuring food security and promoting the efficient use of land with greeneries. (Shrestha, 2021, MoUD, 2016)
- Adopting technology like hydroponics in urban areas it is easier to achieve the concept of growing food in the city realizing Food Green City. (Shrestha, 2020)
- Preparing and implementing Integrated Urban Development Plans,

## **8. Slum Upgrading and Rehabilitation:**

- Implementing slum upgrading and rehabilitation programs is crucial to improving living conditions in informal settlements.
- This can be achieved through a Mass Social Housing or Cooperative Housing with Housing loan or grant with motive to provide an integrated settlement with combination of infrastructure development, provision of basic services, land regularization, and tenure security.

# Policy recommendations

## **9. Capacity Building and Awareness:**

- Invest in capacity building programs to enhance the skills and knowledge of urban planners, policymakers, and community leaders.
- This includes training programs on sustainable urban development, participatory planning, and project management.

## **10. Embrace Innovation and Technology:**

- Prioritize the integration of innovation and technology in urban development and housing.
- Involves exploring smart city concepts, adopting Green Building practices backed with innovative technology for using rammed earth block, ACC block, Bamboo etc., leveraging digital solutions for improved service delivery, and implementing innovative construction techniques.
- Encouraging the involvement of Non-Resident Nepalis (NRNs)

# Policy recommendations

## **11. Establish Research Centers:**

- Continue establishing research centers and specialized institutions, such as the National Building Research Centre and the Specialized Research Centre for Urban Development.

## **12. Upgrade Local building Materials and Technology:**

- Embracing new technologies, efforts should be made to upgrade and enhance local technology for housing and urban development and utilizing local building materials like clay, bamboo, wood, stone etc.
- Involve integrating traditional building practices with modern techniques, promoting sustainable materials, and incorporating local knowledge and expertise.

# Conclusion

- Nepal poses challenges and opportunities in housing and urban development sector
- Rapid urbanization, affordability issues, weak governance, and demographic changes pose challenges, but transformative change and sustainable development are attainable through strategic planning, policy interventions, and collaborative efforts.
- Migration trends and demographic shifts is crucial factors to be considered for effective urban planning and resource utilization.
- Prioritize the demographic shift towards an aging society when planning housing and infrastructure development in the country.
- By implementing policy reforms, sustainable practices, and inclusive approaches, Collaboration among stakeholders, increased investment, and effective financing mechanisms, Continuous research, innovation, and monitoring Nepal can address these challenges and establish a positive urban trajectory.
- Through these strategies, Nepal can achieve holistic, resilient, and inclusive urban development in the future.

**Thank you so much !**

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