

IMPLEMENTATION OF NEW URBAN AGENDA

National Update Report

December 2025

Government of Nepal

Ministry of Urban Development
(National Focal Point)

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List of Abbreviations

ADB	Asian Development Bank
CARD	Centre for Applied Research and Development
CBS	Central Bureau of Statistics
CCED	City Cluster Economic Development
CCFC	Climate Change Financing Framework
CBOs	Community-Based Organizations
DATUM	Data-driven Analysis, Transformation, and Unified Mapping
DEGURBA	Degree of Urbanization
DoLI	Department of Local Infrastructure
DRRM	Disaster Risk Reduction and Management
DRRM Act	Disaster Risk Reduction and Management Act
EPI	Environmental Performance Index
EVAN	Electric Vehicle Association of Nepal
FYIP	Five-Year Interim Plan
GESI	Gender Equality and Social Inclusion
GMIS	Government Integrated Office Management System
GRBPG	Gender Responsive Budgeting and Planning Guideline
ICT	Information and Communication Technology
IFIs	International Financial Institutions
IOE	Institute of Engineering
IUDP	Integrated Urban Development Project
KVDA	Kathmandu Valley Development Authority
LAPA	Local Adaptation Plan of Action
LDCRF	Local Disaster and Climate Resilience Framework
LGCDP	Local Governance and Community Development Programme
LGOA	Local Government Operation Act
LLRC	Local Level Restructuring Commission
LMTC	Land Management Training Centre
MCPM	Minimum Conditions and Performance Measure
MoEAP	Ministry of Economic Affairs and Planning
MoF	Ministry of Finance
MoFE	Ministry of Forests and Environment
MoUD	Ministry of Urban Development
MoWCSW	Ministry of Women, Children and Social Welfare
MuAN	Municipal Association of Nepal
MWSDB	Melamchi Water Supply Development Board
NAP	National Adaptation Plan
NAPA	National Adaptation Programme of Action
NBC	National Building Code
NCKMC	Nepal Climate Change Knowledge Management Center
NCCP	National Climate Change Policy
NDC	Nationally Determined Contribution
NDRRMA	National Disaster Risk Reduction and Management Authority
NGOs	Non-Governmental Organizations
NPC	National Planning Commission
NRB	Nepal Rastra Bank
NSDRM	National Strategy for Disaster Risk Management
NSO	National Statistics Office
NSTS	National Sustainable Transport Strategy



NUA	New Urban Agenda
NUDS	National Urban Development Strategy
NUP	National Urban Policy
ODF	Open Defecation Free
OSR	Own Source Revenue
PEOC	Provincial Emergency Operation Centre
PFM	Public Financial Management
PLGSP	Provincial and Local Governance Support Programme
PoA	Plan of Action
PPP	Public-Private Partnership
PPPC	Provincial Policy and Planning Commission
PWMIS	Provincial Water Supply and Sanitation Management Information System
RA-IMS	Road Accident Information Management System
RSLUP	Risk-Sensitive Land Use Plan
RUDP	Regional Urban Development Project
SDGs	Sustainable Development Goals
SDPFLG	Senior Citizen and Disabled Person Friendly Local Governance
STUEIP	Secondary Towns Urban Environment Improvement Project
TDF	Town Development Fund
TOD	Transit-Oriented Development
TYIP	Three-Year Interim Plan
UDLE	Urban Development through Local Effort
UEIP	Urban Environment Improvement Project
UIDC	Urban Infrastructure Development Corporation
ULRIP	Urban Resilience and Livability Improvement Project
UNFCCC	United Nations Framework Convention on Climate Change
UN-Habitat	United Nations Human Settlements Programme
WASH	Water, Sanitation and Hygiene
WHO	World Health Organization
WSUD	Water Sensitive Urban Design
YSEF	Youth and Small Entrepreneur Self Employment Fund

Executive Summary

Context and Background

In 2016, Nepal released the report on Habitat III, which was presented to the United Nations Conference on Housing and Sustainable Development (Habitat III), as part of its commitments to the global framework of the New Urban Agenda (NUA). After Habitat III, Nepal has undertaken a number of policy initiatives in the fields of land housing and basic services, and urban development, in accordance with the recommendations made by the global commitments such as the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, the Paris Agreement on Climate Change, the Sendai Framework for Disaster Risk Reduction 2015–2030, and the 2030 Agenda for Sustainable Development.

This **Update Report (December 2025)** reflects Nepal's commitment to implementing the NUA within the context of restructured federal governance, rapid urbanisation, and socio-economic transformation. The report, led by the **Ministry of Urban Development**, provides a comprehensive assessment of progress across six thematic chapters, restructured based on four thematic areas prescribed in the NUA report template. The report tracks the progress made in the implementation of the NUA, followed by issues and challenges, supported with Plan of Actions (POAs) considering the roles of the federal, provincial and local governments.

The Ministry of Urban Development, Government of Nepal collaborated with the Centre for Applied Research and Development (CARD), Institute of Engineering (IOE), Tribhuvan University to prepare the National Progress Report. As a point of departure, an exhaustive review of the current policy framework at the federal, provincial, and local levels was conducted. A national workshop was organised on May 21, 2023, to discuss the challenges and plan of action. Key informant surveys and focus group discussions involving key stakeholders from various government levels, the private sector, academic institutions, and development agencies were held. UN-Habitat Nepal supported in the final review of the document, through technical inputs.

Some of the key challenges in the implementation of the NUA have been:

- With Federal restructuring after the promulgation of the Constitution in 2015, which created three-tiered system with 753 local governments, 7 provinces besides national government, aligning policies within the new structure has taken time, and their implementation has yet to be ensured. To guarantee that policies pertaining to housing, infrastructure, environment, transportation, and other aspects of urban development are integrated and in line with the NUA's principles and objectives, cooperation between various ministries, agencies, and three tiers of government is necessary.
- Implementation of NUA was significantly impacted by the Gorkha earthquake in April 2015, followed Jajarkot earthquake in 2023. Housing and infrastructure, were severely damaged by the earthquake, including homes, schools, hospitals, and public buildings.
- The COVID-19 pandemic presented significant challenges globally, including the implementation of the NUA. The economic impact led to financial constraints at various levels of government. It has exacerbated existing inequalities and highlighted social vulnerabilities in urban areas. Marginalized communities, informal settlements, and low-income groups were disproportionately affected by the pandemic.



Amidst the challenges, notable initiatives and substantial efforts have been in place, reflected through a wide range of policy measures and the most significant ones in Urban, WASH, Land, Climate, Infrastructure, and Energy, comprehensively reflected in the 16th Development Plan with focus on inclusion, sustainability and resilience.

With the latest Census results release in 2022, and the geo-spatial analysis undertaken through application of Degree of Urbanisation tool, both the level and pattern of urbanisation understanding has been broadened, which provides huge potential to develop data bank at the local level to support evidence-based planning.

Sustainable Urban Development for Social Inclusion and Ending Poverty

Nepal capitalizes on population dividend, the policies such as the **Youth Vision 2025**, Youth and Small Entrepreneur Self Employment Fund (**YSEF**), and provincial programmes aim to harness the opportunity. However, youth unemployment and migration remain critical challenges. Providing youth with quality education and decent employment opportunities is critical. However, with decreasing birth rates, Nepal is gradually transitioning towards an aging population. While some level of efforts is planned to address through policies like the **Senior Citizen Act (2006)** and provincial initiatives for day-care centres and geriatric services, integration of senior citizens into the socio-economic and cultural fabric remains a priority.

Nepal has made significant progress in **gender Integration**, through constitutional provisions, Ministry of Urban Development prepared **GESI Guidelines (2023)** and gender-responsive budgeting across all sectors and tiers of the government. However, real participation of marginalized women in planning and decision-making needs reinforcement. The Constitution and the legal frameworks ensure rights for Dalits, Madhesi, persons with disabilities, and other marginalized groups to land, housing and basic services, supported by **Right to Housing Act (2018)**, **Land Act (2019)** and **WASH Act (2022)**. Local governments are mandated to ensure inclusive planning and service delivery. Government programmes such as the **Janata Awas** (People's housing) and provincial resettlement initiatives aim to improve housing conditions for informal settlers. National Campaigns for Open Defecation Free, investment in water supply, including establishment of dedicated commission for resolving land rights and tenure security issues demonstrated the government's commitment. Despite policy and programmes support, access to affordable, equitable, adequate and quality housing and basic services remains a challenge, due to limited financing and technical capacities.

Sustainable and Inclusive Urban Prosperity and Opportunities for All

The geographic topography and ecological terrains of Nepal are diverse and challenging, with a widespread rural landscape with emerging and agglomerating urban centres. With 40% of the population in peri-urban and 33% in rural areas, the urban and rural linkage is essential. Initiatives like the **Mid-Hill Highway**, **Postal Highway**, and **Urban Corridor Projects**, **Provincial capital development** aim to balance regional development, along with New Town projects along the Mid-hill highway to reduce migration pressure to the flat lands in south. However, focus on physical infrastructure specifically roads, without substantial priority to economic development and job creation, has not yielded anticipated results. Municipalities are promoting local economic development, with pocket areas, investment summits, and youth entrepreneurship, which need to be unlocked by addressing infrastructure gaps and financing constraints.

In urban centres, service economy is increasingly dominating other sectors, while informal employment is a major part of the labour markets. Programmes like labour banks and vocational training are being scaled, while the transition from the informal economy through decent jobs and



employment opportunities needs to be prioritised. In general, despite cities' major contributions to GDP, the urban economy is underrepresented in national policy, with investment gaps in urban planning and development. Fiscal federalism with investments directed by integrated planning is the future to unlock urban economic potential to serve as the engines of growth, as Nepal is graduating to a developing country by 2026.

Environmentally Sustainable and Resilient Urban Development

Climate change is emerging as a significant threat to the settlements in Nepal, with increasing incidents of landslides, floods, glacial lake outbursts, extreme heat, and vector-borne diseases among others. Nepal has proactively developed **National Climate Change Policy (2019)**, **NAP (2021–2050)**, and **Third NDC (2025)** to guide both adaptation and mitigation actions for sustainable development. Post 2015 earthquake, the **DRRM Act (2017)**, and the establishment of National Disaster Risk Reduction and Management Authority (**NDRRMA**) are key milestones, and these initiatives have strengthened resilience. Air pollution remains a looming health hazard, with urban environmental management becoming an important aspect to emphasize, to enhance liveability of cities, and policies like the **Kathmandu Valley Air Quality Management Plan (2020)** and promotion of electric vehicles aim to reduce emissions, while urban environment management is yet to be effectively realized through investments in addressing air and river pollution, solid waste management, food security, multi-modal mobility, etc.

However, the nexus between development and humanitarian aspects is becoming essential, with increasing climate-induced impacts and disasters on human settlements, livelihoods and infrastructure, which have derailed development gains. The key challenges remain the municipal-level disaster preparedness together with risk-sensitive planning and investments, with localization of climate action through appropriate financing mechanisms.

The government has successfully applied various planning tools for land development and service provisioning, that contributes to decreasing risks from hazards and managing sprawl. The tools include land pooling and guided land development, including integrated urban development planning. However, increasing premature farmland conversion is resulting in urban expansion in risk-prone areas, including informal settlements in vulnerable places, remain a concern.

Governance for Implementation of the New Urban Agenda in Nepal

With the federal restructuring and three tiers of government with distinct roles, decentralisation has been emphasized, as well defined in the **Constitution (2015)** and the **LGOA (2017)**. In support of federalization, sectoral policies, acts, and plans have been realigned. Key laws include the **National Urban Policy (NUP) (2024)**, **Right to Housing Act**, **Land Use Act**, **WASH Act**, and the **Building Codes**, supported by Land Use Policy, and the WASH policy.

Integrated urban and territorial planning is promoted by NUDS, NUP and implemented through regional and economic corridor development projects. Municipalities are mandated to prepare zoning and transport master plans. The Digital Nepal Framework, e-governance, and smart cities pilots are underway and their integration into service delivery and planning is expanding.

However, technical capacity at the local level remains a major challenge, including access to finance and effective mobilization. Vertical coherence, sectoral integration and linkage in localizing urban planning approach, with technical support and capacity building will be essential for sustainable development.



Strategic Way Forward

Strengthening intergovernmental coordination, both horizontally and vertically, is essential to place efforts into strategic development interventions at the regional level for the realization of a balanced urban system and the localization of urban development for sustainable urbanisation.

Promoting inclusive, climate-resilient, and data-driven urban development at all levels will be a priority, critical to mobilizing limited resources in sectors and areas that maximize development gains.

Enhancing municipal capacities and access to finance is going to be a key priority, to link the NUA implementation with local governments, where actual actions take place.

As a Strategic Plan of Action (PoA), the report encapsulates time-bound objectives across six thematic areas, with the roles of lead agencies for effective implementation. The six areas are:

- 1. Urban Governance and Legislation**
- 2. Land and Urban Planning**
- 3. Environment and Urbanisation**
- 4. Urban Economy**
- 5. Housing and Basic Services**
- 6. Monitoring and Implementation**

The formation of partnerships among authorities, sectors, and spaces leading to integrated and collaborative action on sustainable and inclusive urban development should be considered as an appropriate strategy to implement the NUA, and these initiatives would be the starting point where the NUA's PoAs would support implementation effectively.

Conclusion

Nepal's urban transformation is progressing within a maturing federal structure and a dynamic socio-economic context. The New Urban Agenda provides a guiding framework to ensure that cities become engines of inclusive growth, resilience, and sustainability. With continued political commitment, institutional reforms, and stakeholder collaboration, Nepal is well-positioned to achieve the goals of the NUA and SDG 11.

I. Introduction

Background

The Habitat I in 1976 was the first United Nations Conference on Human Settlements. Over the past two decades following the conference, Nepal had initiated a number of policy measures in the areas of shelter and human settlement. A national shelter policy was prepared involving various interest groups in line with the guidelines prescribed by the Global Shelter Strategy to the year 2000 AD and prepared a legal base for the municipalities to plan, finance, operate, and maintain local public services and to undertake development projects. Yet, the policy could not recognise women's role in housing and shelter either as contributors or beneficiaries. Urban Management Programmes lacked coordination and formal housing finance did not include provisions for low-income families; thus, were unable to meet the objectives of Habitat I.

The Habitat II was convened in 1996 on the 20th anniversary of the Habitat I. The Habitat II process helped Nepal to formulate relevant policies and to enact the Local Self Governance Act in 1999. Nepal also prepared a 20-year Plan of Action for the summit and organised the conference of the South Asian mayors as a regional event of Habitat II. Other achievements in Nepal since 1996 till 2016 include: the promulgation of the Constitution; innovations in inclusive planning approaches; increased awareness of risk sensitive land-use planning; response to climate change; and preparation of relevant legislation and policy documents including the National Urban Policy, 2007 and the draft of National Urban Development Strategy, 2015.

In Resolution 66/207 and in line with the bi-decennial cycle, the Habitat Conference was organised in 2016, Quito, Ecuador to reinvigorate the global commitment to sustainable urbanisation through the New Urban Agenda (NUA). It built on the Habitat II of Istanbul in 1996, as well as on agreed global frameworks, including the 2030 Agenda for Sustainable Development; the Sendai Framework for Disaster Risk Reduction 2015-2030; the Paris Agreement on Climate Change; and the Addis Ababa Action Agenda of the Third International Conference on Financing for Development. As part of its commitments toward the global framework of the New Urban Agenda, Nepal published and presented the Habitat III Report covering six topics, thirty issues, and twelve indicators, which was presented at Habitat III, aimed to harness urban areas as a critical means to eradicate poverty, promote inclusive growth, and achieve sustainable development.

With the adoption of the Constitution in 2015 and consequently the Local Government Operation Act, (LGOA) 2017 the notion of sustainability and related issues are contextualised at the local and provincial levels that realign in the sense of transformative urban development and thus in the sense of the New Urban Agenda.

In recent years, Nepal has increasingly recognised urbanisation as a key development priority. Awareness of the need for sustainable urbanisation among the policymakers and the public in Nepal has grown significantly as it is now reflected and addressed in various guiding documents and policies to respond to rapid urbanisation. The Government promulgated the National Urban Development Strategy (NUDS), 2017 to eliminate the imbalances by developing a medium- and long-term strategic vision of a desirable national, sub-national urban system based on existing trends and regional resource potential.

The NUDS' aim for improving the urban quality of life and a balanced urban system, further reinforced by NUP 2024, is complementary and contributes to the goals of NUA 2030. Together they incorporate and ensure right to adequate shelter, secure and safe environment, accessible and affordable housing with basic facilities, amenities and services (drinking water, sanitation, education, etc.) and efficient use of resources (energy, telecommunication, transport and mobility, etc.) which are essential for the sustainable urban future of Nepal and further ensures the protection of the natural and cultural heritage and resilience of all urban dwellers for the sustainable urban development.

Nepal's efforts to sustain adequate drinking water and sanitation, infrastructure improvements and improved local governance are notable achievements, supported by a wide array of policy measures, including urban and sectoral policies (water, land use, energy, roads, and communication as well as the provision of social facilities) and the need to build resilience and reduce environmental degradation. Furthermore, Nepal's efforts to conserve natural forest areas, and their recent success in increasing forest cover to about 46% through a wide array of policy measures and combined local and national efforts are essential for balancing the ecosystem and meeting the National Determined Contributions (NDC) targets.

Nepal presents renewed political commitment to sustainable urban development. It gives high priority to adequate shelter for all. The 16th Development Plan (2024/25-2028/29) has envisioned an equitable society with a focus on reducing poverty, improving human development, and enhancing infrastructure and technology through socio-economic progress. The Plan has identified sustainable urban development as one of the key sectors to contribute to sustainable development through modern, sustainable, and well-managed urbanisation, housing and human settlement development. The 15th and 16th Development Plans' emphasis on urbanisation thus strongly aligns with the New Urban Agenda.

Further, Nepal prepared the National Urban Policy (NUP), (2024), a key policy direction to guide urban development by elevating the urban infrastructure index to at least 50% by 2036, improving governance, and creating resilient, human-centered and prosperous cities.

Amidst these advancements, Nepal has faced major structural changes and external challenges over the past decade, such as:

- The promulgation of the Constitution in 2015 introduced a federal system with three tiers of government. While decentralisation offers opportunities, it also requires continued institutional maturity and clear role delineation among federal, provincial, and local governments to build a balanced national urban system and realize the national vision of "Prosperous Nepal, Happy Nepali."
- The 2015 Gorkha Earthquake posed two significant challenges: the urgent need to reconstruct over one million houses and meet infrastructure demands while simultaneously addressing economic disruption; and the opportunity to reflect on and reform urban planning, governance, and resilience measures in light of urbanisation trends. In 2023, Jajarkot earthquake in western part of Nepal further resulted in destruction of houses and livelihood, derailing the development gains.
- Additionally, the COVID-19 pandemic's impact extended beyond health, exposing weaknesses in infrastructure, increasing disparities and testing the resilience of urban governance systems. The crisis underscored the urgent need for cities to be better prepared for future shocks.

Federalism in Nepal

On 10 March 2017, Nepal undertook a major territorial reform grounded in constitutional provisions through the Local Level Restructuring Commission (LLRC). This reform marked the country's transition from a unitary system to a decentralized federal structure, aligned with the essence of the Constitution 2015.

As part of the federalization process, a three-tier governance structure was introduced — comprising the federal, provincial (7), and local (753) governments and 77 district level structure. The commission recommended 753 viable local government units, including 460 rural municipalities, 276 urban municipalities, 11 sub-metropolitan cities, and 6 metropolitan cities (Table 1). These local government units were further subdivided into 6,743 wards.

At the sub-national level, each unit has its own administrative and governance structure. The provincial governments serve as a coordinating layer between federal and local levels, with responsibilities for policy alignment, planning, and development management. Local governments are responsible for delivering a broad range of public services, including planning and implementation, economic development (agriculture, livestock, cooperatives, and industry), social development (education, health, vital registration, social security allowances distribution, and certifications/recommendations), environmental protection, infrastructure development, and institutional strengthening. These responsibilities are outlined in the LGOA, 2017.

Urban population size and the number of urban centres vary across provinces. Across provinces, the density of urban centres reflects the degree of development and the size of the non-agricultural population (Table 1). Bagmati Province has the highest level of urbanisation with 45 urban centres, including three metropolitan cities—Kathmandu, Lalitpur and Bharatpur.

Although the LGOA, 2017 grants substantial authority and autonomy to elected local governments — including the power to design and manage urban service delivery systems — many rural and urban municipalities are still institutionally and organizationally not strong, further compounded by challenges such as climate change, difficult geographic terrain, and poor accessibility, limiting equitable access to services and opportunities for citizens.

Table 1 Number of Urban Municipalities by Province

Province	Number of Urban			Total
	Municipality	Sub-metropolitan	Metropolitan	
Koshi	46	2	1	49
Madhesh	73	3	1	77
Bagmati	41	1	3	45
Gandaki	26		1	27
Lumbini	32	4		36
Karnali	25			25
Sudurpaschim	33	1		34
Total	276	11	6	293

Post Gorkha Earthquake 2015

On 25 April 2015, Nepal was struck by a major earthquake, with its epicentre in Gorkha, followed by over 300 aftershocks, including a major tremor on 12 May 2015. The disaster resulted in an estimated NPR 706 billion (approximately USD 7 billion) in damage and losses, with total recovery needs amounting to USD 6.7 billion. Of the total disaster effects, NPR 517 billion (76%) represented the value of destroyed physical assets, while NPR 189 billion (24%) reflected economic losses and increased production costs across sectors.

Overall, eight million people were impacted, which is almost one-third of the population of Nepal. The housing sector was most severely affected, accounting for NPR 350 billion or its equivalent US\$3.27 billion or almost half of the total reconstruction needs, especially rural houses with rudimentary or no seismic-resistant features. Outside of the Kathmandu Valley, the impacted areas in central and western regions were mostly rural (NPC, 2015).

In response, Nepal demonstrated a successful model of owner-driven housing reconstruction of over 1 million houses within five years. This experience underscored the critical importance of building back safer, promoting decentralised governance, and ensuring inclusivity and sustainability — an outcome that the Habitat III had envisioned.

Degree of Urbanisation

In 2022, the Government of Nepal applied the Degree of Urbanisation (DEGURBA) methodology to 2021 Census data to analyse the urban characteristics of the population, based on a globally harmonized definition. The results were formally adopted in 2023 showing that 27.3 percent of the population lives in urban areas. People living in peri-urban areas - which contain mixed characteristics of both urban and rural areas account for 39.6 percent, while 33.1 percent live in rural areas. DEGURBA redefined the level of urbanisation, based on scientifically proven methodology that considered population, density, built-up area and contiguity as key parameters. The results of DEGURBA analysis have been integrated in NUP 2024 and the 16th Development Plan.

Among the provinces, Bagmati recorded highest urbanisation level at 56.2 percent. Gandaki (26.2%), Koshi (22.87%), and Madhesh (20.7%) have relatively low urbanisation levels. The urbanisation level in the remaining provinces of Lumbini (16.8%), Karnali (15.9%), and Sudurpashchim (13.1%) is limited. Further, building on the results of DEGURBA classification, the National Statistics Office has published Census Thematic report on Urbanisation and Development in July 2025 that provides urban data with sectoral analysis based on provinces, ecological regions, administrative units, and DEGURBA class.

Purpose, Process, and Limitations of the Report

This report has been primarily prepared to assess the progress made after the promulgation of Habitat III under the guidelines prepared in response to Resolution (RES/71/256, New Urban Agenda) adopted by the General Assembly on 23 December 2016. The Guidelines endorses the New Urban Agenda adopted by the United Nations Conference on Housing and Sustainable Urban Development (Habitat III).

The purpose of this report is:

- i. To track and assess the progress made in the implementation of NUA commitments with respect to the six key themes identified in the Habitat III Report at the federal, provincial and local levels.
- ii. To identify the issues and challenges associated with Nepal's enabling policy framework at the national level for the effective implementation, monitoring and achievement of the NUA's commitments after federal restructuring
- iii. To arrive at the way forward with the updated Plan of Actions (PoAs) considering roles of the local, provincial, and federal governments along with line agencies.

Key Steps in the Study Process

The national report was led by the Ministry of Urban Development, Government of Nepal and prepared through an open, inclusive, multilevel, participatory process, involving key stakeholders from different government levels, private sector, academic institutions, and external support agencies. The Centre for Applied Research and Development (CARD), Institute of Engineering (IOE), provided technical leadership in preparing the report by engaging thematic experts and review support from UN-Habitat Nepal. The following steps were involved:

Step 1: Formation of an expert team.

Step 2: Collection and analysis of data and information.

Step 3: National workshop to review the preliminary findings.

Step 4: Consensus building on findings, issues and challenges, and Plan of Actions at local, provincial and federal levels.

Step 5: Drafting and finalization of the report.

A national workshop was organised on 21st May 2023, to agree on challenges and plan of action at local, provincial, and national levels. The workshop aimed to consolidate feedback from the key stakeholders on drafts and prepare updated Plan of Actions considering the roles and responsibilities of all levels of government (local, provincial, and federal).

With transition in the government, and Gen-Z movement, the finalization of the report was prolonged.



Figure 1 National Workshop

Organisation of the Report

The report is organised into six substantive chapters. The first chapter provides an introduction to the report and highlights challenges and structural changes impacting implementation of NUA commitments. The next four chapters update on the national initiatives with regard to the four thematic areas of transformation covering all significant components of the NUA, supported by examples and lessons learnt, as guided by the guideline on reporting on the implementation of the NUA from UN-Habitat. Where available, provincial level disaggregated updates are also provided.

The last chapter outlines the follow-up mechanisms and strategic way forward to ensure that the NUA commitments are effectively internalised, implemented, and monitored across federal, provincial, and local levels within Nepal's federal governance system.

II. Sustainable Urban Development for Social Inclusion and Ending Poverty

Addressing Urban Youth Needs

At present, the proportion of the economically active population (working age population aged 15-64 years) is high in Nepal, accounting for 65.5% in 2021 (57.0% in 2011). Recognising the potential of this “demographic dividend,” the Government of Nepal has sought to strategically mobilise this productive population for national development.

In Nepal, the population within the age group of 16 to 40 years is considered youth. There are about 11.7 million youth in the country, which constitutes 40.35% of the total urban municipal population in 2021. The Government of Nepal has enacted the National Youth Policy, 2015 to address the issues and needs of the youth. There are 24 working policies covering key aspects such as basic rights to livelihood, education, and employment, as well as empowerment and leadership development, social security, and participation in environmental protection (CBS, 2021).

Similarly, the Youth Vision 2025 has reviewed the Youth Policy, and has proposed to define the age of youth as 16-35 years instead of 16-40 years mentioned in the policy. Further, it emphasizes the need for the provision of education, leadership development and health training to the youth of the 16-25 age group. For the youth above 25 years, the Vision recommends, among others, the provision of employment opportunities, and entrepreneurship development.

Inclusive participatory urban planning is advocated as a mechanism to internalise youth involvement in urban development activities. Despite adopting a participatory method, the existing urban development planning practice has not really been able to mainstream the youth’s social and physical needs. Current youth policies, plans and programmes are limited in terms of addressing diversity within the youth population (rural youth, urban youth, or youth with disabilities). Cities in Nepal are yet to become youth-friendly as most cities have limited provisions for recreational facilities including inclusive community spaces and sports facilities.

Nevertheless, some progress has been made in promoting youth self-reliance, particularly through entrepreneurship. In order to encourage youth self-employment by providing affordable loans, the Government of Nepal established the Youth and Small Entrepreneur Self Employment Fund (YSEF) in 2009. It is a targeted youth programme, which aims at transforming unemployed youth into self-employed ones by providing concessional loans of up to Rs. 200,000 (approximately 2,000 USD) without collateral, to be invested in agriculture, small business enterprises, and service-oriented enterprises. By lending Rs. 3.2 billion, the YSEF has produced more than 25,000 self-employed youth. Till mid-March of FY 2021/22 the YSEF has invested approximately NPR 2,759,397,800 and created 84,237 units of self-employment.

Monitoring and evaluation of the YSEF has indicated that cooperatives are more effective than banks and financial institutions in the disbursement of the loans. Regarding fund mobilization and credit risk, the findings are encouraging. The records show there is 90% repayment of loans; 5% of the youth have been able to create employment opportunities for others; and 2%

of the youth have employed more than 10 persons in their enterprises by utilizing YSEF funds.

While YSEF has demonstrated effectiveness in facilitating youth-led entrepreneurship, a comprehensive and integrated policy approach is also needed to enable youth to sustainably participate in and shape urban development.

Other supportive policies are as follows:

- A comprehensive Guideline for Interest Grant for Subsidised Loan, 2018
- A directive on Implementation of Academic Certificate based Loan Support Programmes to Young Entrepreneur based on academic certificate, 2018

Provincial Level

Province has formulated plans, policies, and programmes to encourage youth. For example: conservation and modernisation of indigenous jobs; self-employment fund; innovation fund; well serviced sports facilities; youth consciousness programme; sports village; youth volunteers programmes; youth education consultation programme; sports events.

Koshi Province: In order to encourage the youths in sports and link with employment and entrepreneurship, the province has planned on forming a provincial level sports board (PPC, 2019).

Madhesh Province: Initiated “Garikhane Abhiyan” (Campaign) to provide skills, resources, and means to employment through new ventures for youths who are deprived of employment opportunities (PPPC, 2019b, 2021).

Bagmati Province: Under the Chief Minister’s development and employment programme, at least 10,000 youths from poor and disadvantaged backgrounds will be provided with employment in this province. In addition to offering training for business and skill development, youth are to be recruited as volunteers in the province's development efforts (PPPC, 2018).

Gandaki Province: With the slogan "Provincial Government call, contribution of Young farmers in commercial agricultural production" special programmes to be arranged to discourage youths from migrating abroad and to attract them to agriculture (PPPC, 2019a).

Lumbini Province: The province, along with cooperative, non-government, and private sectors, plans to collaborate to provide young people with credit facilities and technical assistance to support them in their efforts to become self-employed and engage in productive work (PPC, 2018).

Karnali Province: The province plans to provide support for young people who have come back from abroad to incentivize in starting their own businesses. This includes certifying their skills and offering them loans at a reduced rate as well as provide the necessary capital to help them get started (KPPC, 2018).

Sudurpaschim Province: Similarly, in Kanchanpur, Student and Youth entrepreneurship development projects support studying and earning to provide incentive for youths to continue education through stipend (PPPC, 2022a).



Figure 2 Labour Bank in Raskot (Source: raskotmun.gov.np)

Cases: Labour bank in Raskot Municipality, Kalikot

The Raskot municipality has established a Labour Employment Bank for providing employment opportunities and the municipality's fast development by including youths of age greater than 18 but less than 40 years old. The bank was established under the municipality administration Procedure Act, 2018. The bank also addresses the municipality's vision 'Yuvako Shaan, Shramko Samman, Raskot Nagar Nirmanko Pahichhan' (Youth's Pride, Labour's respect, Raskot town's development identity). This aims to employ youth into the municipality's development rather than draining their labour in other cities (MuAN, 2019).

Despite the implementation of various labour and employment policies and operational programmes, Nepal has yet to effectively address the challenges faced by youth in both rural and urban areas. In urban centres, there is a high demand for skilled workers such as plumbers; however, these positions are often filled by migrant workers from neighbouring countries. Meanwhile, many Nepali youths are eager to migrate to the Middle East for work.

According to the 2021 Population Census, the absentee population has increased from 1.9 million in 2011 to 2.2 million in 2021. Alarming, 75% of this group falls within the 15–34 age bracket, with employment being the primary reason for their absence (77.9%). (NSO, 2025) This trend underscores the growing outflow of the economically active youth population.

The Economic Survey (2015/16) reports that approximately 512,000 youth enter the labour market each year in Nepal. However, job creation has not kept pace with this influx. On average, about 1,300 young people leave the country daily for foreign employment. While some return with new skills and are willing to contribute to productive sectors, the government has not yet succeeded in fully utilizing this human capital. This issue remains a major development challenge for the near future.

Furthermore, identifying creative and inclusive ways to promote youth engagement and ownership in urban development—by addressing their social, physical, and psychological needs—remains a complex task. In this context, the New Urban Agenda calls for strategic and efficient planning to harness the demographic dividend represented by Nepal's youth population. It emphasizes the importance of recognising the diversity of youth groups and their needs and ensuring their meaningful involvement in urban planning and development processes.

Responding to the Needs of the Aged

Similar to the global trend, Nepal is also witnessing an increase in the ageing population. Following the World Health Organization (WHO) definition, a person aged 60 years or above is defined as a senior citizen in Nepal. However, Nepal is still 'young' in terms of an aging population which, according to the 2021 census is 10.21 % of the total population. However, the trend is alarming, with a gradually inverted population pyramid due to lower fertility rate of 1.92, more old age people will be added in the coming decades.

As of census 2021, approximately 2.9 million people living in Nepal are aged over 60 (NSO, 2023). According to Nepal's traditional norms, family value systems, and culture, the responsibility for ensuring the well-being of older people primarily lies with the concerned families rather than with the government. It is estimated that 80% of elderly people in Nepal live with their married sons and about 3% with their married daughters. As of 2019, older persons living alone aged 60 and above are 3.9 %.

However, due to gradual erosion in family values with changing social structure, many old-aged people are forced to live a life of destitution in old age homes run by charitable organizations. This situation is more common in urban areas compared to rural areas.

In addition to 230 elders living at the old age home established and run by the Ministry of Women, Children and Social Welfare (MoWCSW), there are as many as 1,500 senior citizens living at the old age homes run by charitable organizations across the country.

Until recently, various needs of the aged population hardly found their way into the policymaking and development agendas. Responding to the needs of the older people has become a pressing issue and a challenge in the overall management of the urban areas in Nepal.

The Government has started recognising the needs of the elderly, to address the challenge and also to honour senior citizens' significant contribution in the country's development during their formative and productive years. Accordingly, the Government has formulated law, regulations, and various policies to meet a wide range of needs including long-term health care, financial security, protection against violence and discrimination, and an enabling environment for their physical, social, and psychological well-being.

Some notable policy achievements after 2015 include:

- Senior Citizen Identity Card Distribution Directive, 2017
- Senior Citizen Center Establishment's Selection and Operation Standards, 2020.
- Grant to organisations working with rights of women, children, senior citizens, and disabled Standard, 2020.
- Senior Citizen Service Centre Construction and Operation Standards, 2021

Over the last two decades, a host of programmes and projects have contributed to the improvement of the status of the aging population in terms of meeting their social, physical, and psychological needs. Representative examples include:

- Government allowances since 1995/96 for persons aged 70 years and above.
- Formation of Senior Citizen Protection Section at the Ministry of Women, Children and Social Welfare (MoWCSW) in 2013
- Operation of Geriatric Wards in five different government hospitals under Geriatric Health Service Strategy (2021-2030).

- Incorporation of issues of the old, aged people in district-level regular training programmes for health workers.
- As per 15th national plan (2019/20-2023/24), MoWCSC has set the target of establishing 753 Senior Citizens' Day care and village centres. By the end of 2023, it had established 225 centres.

Provincial Level

The Provincial and Local Governance support programme (PLGSP) has developed Senior Citizen and Disabled Person Friendly Local Governance (SDPFLG) policy for older citizens: The Model Social Inclusion policy for Local Government policy has provided a basis for many local governments to develop their own social inclusion policies and strategies.

Koshi Province: Senior citizen friendly infrastructure standards to be developed and implemented in this province (PPC, 2019).

Madhesh Province: Promulgation of senior citizens and persons with disabilities related policies, laws, and standards; senior citizen village; day care centres; senior citizen intergenerational knowledge skill transfer; old age home; disability friendly schools; employment opportunities and training for children with disabilities; social security allowances (PPPC, 2019b, 2021).

Bagmati Province: This province has planned to provide nursing services at all old age homes where more than twenty senior citizens live. In partnership with social organizations, it has planned on establishing senior citizen day care service centres and senior citizen ashram (PPPC, 2018).

Gandaki Province: Plans to establish day service centres and ashrams for senior citizens in both urban and rural areas, based on the specific needs of each location (PPPC, 2019a).

Lumbini Province: Plans to operate at least one senior citizen centre in each municipality as well as provide free health services for senior citizens in government hospitals (PPC, 2018).

Karnali Province: The management of income and good governance, as outlined in the Chief Ministerial Programme, will be carefully followed, with particular attention given to senior citizens and other marginalized groups (KPPC, 2018, 2022).

Sudurpaschim Province: The task of providing older citizens with access to basic health care has begun through the Chief Minister's Older Citizen Health Programme, which has been implemented in all nine districts and local levels (PPPC, 2022a, 2022b).

The existing acts, regulations and policies have limitations in addressing the extended needs of elderly people such as access to information, employment, participation in policy making and political life to ensure they can live a life with dignity. The overall weak implementation can be exemplified by the delay in implementing many provisions made in the existing policies and plans.

Although senior citizen policies and acts have provisions for social welfare, there are limitations when it comes to securing their rights to basic social, physical, and psychological needs. For example, the provision for making complaints against domestic violence has not been fully implemented due to existing family structure. Likewise, although provisions for

senior citizens are made in the Disaster Management Act and National Disaster Response Framework, the materialization of such provisions is not linked with service delivery. Only a few major development partners in Nepal have policies and programmes that address the issues of the aging population to bring their needs to the forefront of the development agenda.

The population of older people and the disintegration of the traditional family value system may continue to increase. Besides financial security, the elderly population is at risk of losing dignity due to the lack of long-term care and health service provisions, inclusion, awareness, and engagement in public policy and politics. The senior citizen act and policies are rather welfare-based than rights-based, which impedes this population from securing rights to dignified living and social freedom.

The New Urban Agenda focuses on the rights-based policy and programmes supported by comprehensive and disaggregated nationwide data on the status of access to and exclusion from various facilities provided by the government. This includes ensuring opportunities for social networking and organised activities and integrating welfare policies with the National Disaster Response Framework to cater to their social, psychological and safety needs. In addition to these, the New Urban Agenda integrates issues of the ageing population in the policies and programmes of development partners for larger resource mobilization, which will be taken forward by the Government of Nepal.

Integrating Gender in Urban Development

The integration of gender in the development agenda of Nepal largely witnessed a welfare approach until the Eighth Plan. The enactment of Local Self-Governance Act, 1999 during the Ninth Plan period (1997- 2002) led to 20% reservation for women in ward-level elections. It was a significant move to empower women politically by engaging them in decision-making.

The Poverty Reduction Strategy Paper (PRSP) of the Tenth Plan (2002-2007) linked with the Millennium Development Goals (MDGs), recognised gender and social inclusion as main cross-cutting strategies for reducing poverty.

Following the political change of 2006, Three Year Interim Plan (2007-2010) was prepared focusing on poverty reduction. It was a watershed in integrating rights-based gender issues such as gender equality and social inclusion, in the development agenda. The narrow interpretation of participation made in the preceding Plans was widened to include empowerment both at the macro-level of decentralisation and devolution of power and at micro-level of programme and project implementation.

The Constitution of Nepal 2015, Article 38 ensures the rights of women as a fundamental right. Similarly, Article 84 (8) reserves for women 33 percent of positions in all of Nepal's state institutions, including the legislature. Also, Article 86(2.a) ensures that at least three women from 56 elected members (out of 59 members) in the National Assembly; The remaining three members (from 59 members) consisted of at least one woman nominated by the President on recommendation of the Government of Nepal. Also, Article 252 establishes the National Women Commission as a constitutional Commission.

Some key policy and programme-level achievements after 2015, towards ensuring gender equality include:

- Declaration of Year (2019/20) as “2076 as the Year of Campaign against Gender based Violence”
- Reservation of 33% to women at all levels of governance
- Right to inherit properties and Equal Lineage without gender biased discrimination.
- Act for the Amendments of some Nepal Acts, 2015 (2072 BS) in which provisions in existing 32 Acts were amended to ensure Gender Equality and alleviate Gender based violence.
- National Policy on Gender Equality Policy, 2021
- Grant for Provincial and Local levels through Gender Violence Alleviation Fund establishment and Expansion Standard, 2021

Sectoral agencies of the government are in the process of integrating Gender Equality and Social Inclusion (GESI) in their policies, plans and programmes.

In this connection, the Ministry of Physical Infrastructure and Transport prepared GESI Operational Guidelines, 2017 which aim to improve the access of women, the poor, and the excluded to resources, opportunities, and benefits from the programmes/projects and services of the Ministry in Roads, Railways and Transport management. The Guidelines ensures mainstreaming GESI in policy formulation and implementation, annual work planning and budgeting process, monitoring, evaluation and reporting in each sector. Both at the ministry and department levels, an Environment and Social Section/Unit is established within the organisational set-up. Similarly, at the project level, the project manager will be responsible for the mainstreaming of GESI in the project cycle, especially in planning and implementation.

Correspondingly, the Ministry of Urban Development (MoUD) has prepared GESI Guidelines, 2023 which aim to provide increased access to women, poor and excluded communities in urban development and its resources and benefits. It deals with water, sanitation, and hygiene (WASH) and housing, urban development, and building (HUB) sectors. As an effort to internalise the operational guidelines at the organisational level, the MoUD established a Social Coordination Section within the organisational set-up to oversee both WASH and HUB sectors.

Other key efforts to internalize GESI agenda at project level leading to gender integration in urban development, urban governance and monitoring are:

- Preparation of Municipal Periodic Plans that prioritise programmes for women, and marginalized groups, poor and children using participatory approach in plan-making.
- Local government grant in which local bodies are obliged to dedicate 35% of the unconditional grant. Of this, 10% is allocated to the plans and programmes directly benefiting the poor women. Another 10% goes to poor children, and the remaining 15% is dedicated to marginalized communities including women.
- Local Governance and Community Development Programme (LGCDP) prioritizes, among others, GESI in its goal of promoting inclusive local democracy through local community led development.
- Integrating GESI in urban development projects like Urban Development through Local Effort (UDLE) and Urban Environment Improvement Project (UEIP) have been instrumental in evolving planning methods that integrate GESI in urban development projects.
- GESI in monitoring municipal urban development efforts requires municipalities to use Minimum Conditions and Performance Measure (MCPM), 2009 to ensure GESI in project planning and implementation following participatory processes.

- The budget allocated for gender responsiveness to ensure direct benefit for women in the national budget has been 37.4% in FY 2017/18 and 38.6% in 2018/19. The NUDS, 2017 provided guidance for urban development and planning calls for cities to be socially inclusive thus integrating ethnicity or caste, class, and gender in nurturing the city's social and cultural diversity, and for raising awareness and sensitivity of the excluded groups including the youth, elderly and PWDs, and women in general.
- The People's Housing "Janta Awas" Programme Implementation Guidelines, 2016 recommends giving priority to single women among others.
- Provincial and Local Governance Support Programme (PLGSP), 2021-2023 ensures and facilitates integration of GESI in all aspects of PLGSP management and implementation.
- NREP (Nepal Renewable Energy programme) GESI Framework in NREP GESI Strategy, 2021 ensures that GESI concerns are considered and addressed at all stages of the programme cycle- from high level vision to implementation, monitoring, and evaluation.
- Regional Urban Development Project (RUDP) had GESI specific targets for gender and PWD-friendly municipal offices; construction of sex segregated public, community and school toilets; at least 33% representation of women and vulnerable groups prioritised in awareness raising and skills training programme; and a GESI unit established or strengthened in project municipalities.
- Emerging Towns project, 2011-2017 had GESI specific targets with 35% of capital expenditure set aside for localised pro-poor and/or community-oriented schemes targeted at vulnerable groups, women, and children.

Provincial Level

There are examples of GESI in planning such as Promulgation of GESI related policies, laws, and regulations; women empowerment and gender equity related research and study; provincial level campaigns against domestic violence; women's entrepreneurship development and training for deprived women at the provincial level; women's self-employment initiatives; human trafficking control related orientation, and women's rights preservation campaigns.

Koshi Province: The province has been running a Gender empowerment and mainstreaming programme for women's social, economic, and political empowerment, alleviation of gender-based violence, and facilitating equity-based opportunities for women at the decision-making level. The province has been running a rehabilitation centre for women and adolescents who are victims of Gender based violence. It has initiated the establishment of a Gender based violence mitigation fund in 2021/2022 at all local levels, run different skill-based training programmes to them (PPC, 2019).

Madhesh Province: Under the "Beti Padhaon, Beti Bachaon (Teach daughters Save daughters)" campaign various programmes are being implemented to end discrimination against girls in the society including insurance for daughters, scholarships, distribution of bicycles and laptops (PPPC, 2019b, 2021).

Bagmati Province: Prepared a draft of Provincial GESI profile and developed concept notes to mainstream GESI. As part of the mainstreaming of the GESI plan, twelve LGs developed policies supporting inclusive governance for persons with disabilities, children, and older citizens (MoEAP, 2019; PPPC, 2018).

Gandaki Province: Competent Women: Through a parallel step programme, the programme

to promote entrepreneurship for women's economic empowerment and capacity building was implemented. It also has provisions for loans with favourable terms and a business guarantee for women (PPPC, 2019a).

Lumbini Province: Support to increase women's ownership of arable land in the province by introducing policies that are women friendly. In addition, employment opportunities to be provided through skill and ability development with special emphasis on Dalit and underprivileged women. In addition, each ward promotes women entrepreneurship (PPC, 2018).

Karnali Province: To encourage women farmers to generate more income, the Agricultural Forestry Programme is to be expanded and organised, and a dedicated Women Agricultural Forestry Programme planned be implemented (KPPC, 2018).

Sudurpaschim Province: Grants have been provided for leadership and skill development training for women. As of 2022, 1,180 women have received seven days of skill-based training with a subsidy of Rs 20,000 from the provincial government (PPPC, 2022a).

Moreover, most of the municipalities have developed their own GESI strategies and Action Plans – are being implemented at local level. GESI mainstreaming in urban development has been tagged with LISA (Local Government Institutional Capacity Self-Assessment).

Despite various provisions in the GESI policies, their internalization into sectoral policies and implementation has been weak due to limited integration with the GRBPG, 2012. Only about eight ministries have internalized GESI in their policies since the Five-Year Interim Plan (FYIP). Many sectoral agencies lack GESI disaggregated data and a uniform monitoring system.

Urban development plans are generally prepared using a participatory approach with women's participation. However, the meaningful participation of women, especially of the marginalized and disadvantaged ones, is yet to be realized, in terms of making their voices heard in decision making.

The internalization of GESI goals by the sectoral agencies, including development partners and NGOs, needs to be aligned to ensure the efficient implementation of GESI concerns in urban development projects. The GESI Guidelines prepared by the MoUD should be strengthened with toolkits so that they can be applied and operationalised at the local level, enabling genuine participation in planning.

Despite the formulation and implementation of various policies, programmes, and projects, internalizing them into the working policies of concerned agencies will remain a challenge for some time. GESI action plan for each division/section of different tiers of government along with continuous orientation of officials and professionals is necessary to address the issue of GESI.

The New Urban Agenda also pursues continuation of refining the rights-based approach for GESI to reach out to all sections of the society through the internalization of the policies and operational guidelines across sectoral agencies, development partners and NGOs.

Advancing Social Inclusion and Protection of Human rights

Social inclusion received strong attention in the plans and policies particularly after the political movement of 2006, as reflected in the Interim Constitution of Nepal, 2007 and the Three-Year Interim Plan (TYIP) (2007-2009). The TYIP (2007-2009) set the vision of “Prosperous, Modern, and Just Nepal, and prioritised social inclusion in all mechanisms, spheres, and processes of development. The TYIP included special programmes for disadvantaged groups including persons with disabilities (PWDs), women, Dalit, Adibasi Janajati, Madhesi, and Muslim community.

The Interim Constitution of Nepal, 2007 had a separate article for women’s fundamental rights, and was more inclusive toward marginalized communities like Dalit, Indigenous and Ethnic groups, and Madhesi compared to the previous constitutions. The Interim Constitution, 2007 set forth the right to equality and rights against untouchability, racial discrimination, and exploitation. It also referred to the proportional representation of all groups in the state structure.

The Constitution of Nepal, 2015 includes among fundamental rights, the right to equality which prohibits the state from discriminating citizens on any ground, and requires it to make special provisions for the protection, empowerment or advancement of socially and culturally disadvantaged women; marginalised ethnic and social groups; peasants; labourers; youth; children; senior citizens; sexual minorities; persons with disabilities (PWDs); pregnant women; financially deprived citizens; and residents of backward regions.

The fundamental rights and duties stated in the Constitution include the right to live with dignity, to move and reside in any part of Nepal, to equal protection of law, to own and utilise property, to live in a healthy and clean environment, and to housing. Specifically, Section 4 of the Constitution, which lists the State’s directive principles, policies, and responsibilities, has a provision of a safe, well managed, and disabled-friendly transportation sector to ensure easy and equitable access to transportation services for all citizens.

The persons with Disability's Rights Act, 2017, defines the rights of persons with disabilities, including the right to movement and the right to access all public facilities, is one of the acts that Nepal has enacted.

The Civil Service Act (4th Amendments 2014), 1993, mandates a 45% reservation to ensure inclusivity in public service recruitment. Among the 45 %, 33% is reserved for women, 27% for ethnic minorities, 22% to Madhesi, 9 % Dalits, 5% persons with disabilities and 4% to people from backward regions. The ‘backward region’ refers to Achham, Kalikot, Jajarkot, Jumla, Dolpa, Bajhang, Bajura, Mugu and Humla districts.

Local Body Election (First Amendment) Act, 2017 has provisioned 50% women candidates for various positions. Nepal’s electoral quota system ensures that at least 33% of seats in federal and provincial parliaments and 40% in local governments are held by women. Similarly, the speaker or deputy speaker of federal and provincial legislatures and the chair or vice-chair of the national assembly is reserved for women. Women’s representation is also guaranteed in local governments from the ward level to the municipal executive. Either the chair/mayor or the vice-chair/deputy mayor in each local government must be a woman.

Article 14 of the Local government Operation Act, 2017 empowers the local government to set up committees, sub-committees and working groups under certain members or subject

experts that can include consumers, private sectors, community-based organisations (CBOs), cooperatives and non-government organisations (NGOs) under its jurisdiction to execute local development programmes and services. Similarly, Article 24, clause 2, and 3 of the Act, requires the local governments to incorporate themes such as child-friendliness, gender equity, and social inclusion in programme planning and implementation. Clause 5 of the Act requires the participation of diverse stakeholders, including local intellectuals, subject experts, professionals, boundary experts, representatives of disadvantaged communities, women, children, ethnic minorities, persons with disabilities, and senior citizens.

There is a growing realisation for the need to ensure social inclusion and equity in urban planning and local governance. Some key policy achievements include:

- The then Ministry of Local Development prepared the Child-Friendly Local Governance National Strategy, 2021 and corresponding Operational Guidelines, 2021 to promote collaborative planning for children from the bottom up and to ensure participation of children in the planning processes.
- The MoUD prepared the GESI Operational Guidelines, 2023 for institutionalising GESI, that emphasizes on disability mainstreaming in its portfolios and operations in an integrated manner, covering the sectors of WASH, building construction, housing, and urban development.
- Inclusivity has been emphasised as one of the underlying and interconnected guiding principles of NUDS, 2017.

Realizing the need to make cities inclusive and to ensure development based on social justice, the Government has formulated important policies to address the needs of the persons with disabilities of all age groups including youth. Most significant one is the Rights of Persons with Disabilities Act, 2017 with the First Amendment on Act 25 of the year 2017.

Provincial Level

The Provincial and local Support Programme (PLGSP) (2019 - 2023)- adopted measures to promote gender equality and social inclusion (GESI) - both through a mainstreaming approach and through targeted interventions. As the 15th Plan has taken the strategy of institutionalising gender responsive budget allocation system in all three levels of government, it has been adopted in all provinces as well.

Koshi province- Operating empowerment programme for persons with disabilities, Senior citizen protection programme, and aims to operate a long-term rehabilitation home service programme. The province has also aimed to promulgate Acts, plans, standards and regulations related to education, youth and sports, language, religion, culture, health, women, children, senior citizens, persons with disabilities, labour, and employment (PPC, 2019).

Bagmati province- Through the provincial public service commission, the Bagmati province in FY 2020/2021 onboarded 116 women, 64 ethnic minorities, 26 Madhesi, 9 dalit and 3 persons with disabilities, who were selected as a part of proportional based inclusion. (MoEAP, 2022a). The province regularly conducts province level GESI related orientation training programmes (MoEAP, 2019).

Karnali Province- The province has been operating the “Hello Chief Minister Room” to respond to citizens' issues and for urgent needs (MoEAP & PPC, 2018). The province has a special programme called ‘Sonaha Jati Utthan Karyakram (Sonaha community uplifting programme) to uplift the ethnically the marginalised Sonaha community in Bardia District (PPC, 2018). It is a part of the province’s objective to empower marginalised, minorities, and almost extinct communities. The province has also been operating empowerment and mainstreaming programmes, and constructed rescue, psychological consultation,

rehabilitation, and service centres for those impacted by domestic violence, human trafficking and disasters. The province has been implementing child friendly province related programmes (MoEAP & PPC, 2018).

Sudurpaschim province- The province has initiated ‘Dwarika Devi Thakurani Women Empowerment and Skill Development Programme’ for women's economic, social, and political empowerment (PPPC, 2022a). It has planned to establish a unit that focuses on research and documentation to inform a participatory law-making process, strengthened by intergovernmental coordination and partnership (PPPC, 2022a).

The province initiated programmes related to resettlement and income generation of poor, marginalised, endangered, and risk prone minority groups like Raji, Raute, Badi, Free Kamaiya, Haliya communities (PPPC, 2022a). The province has also improved the temporary service centre for rehabilitation, family reunion, legal consultation, and protection of victim of women of domestic violence. (PPPC, 2022b).

The decentralisation and ensured representation at three tiers of the government is a step towards inclusive governance, that needs to depart from tokenism and towards meaningful participation in the decision-making process, particularly for the most vulnerable communities including dalits, persons with disabilities, the urban poor, and landless.

Table 2 Aspects of urban management in the context of inclusiveness and sustainability

Urban management	Inclusiveness	Sustainability
Public spaces and cultural assets	Universal access meeting cultural, social, and physical needs of all	Productive utilization and sustainable use with cost recovery
Mobility	Availability of convenient and affordable public transport at close proximity, seat reservation	Promotion of non-motorized transport within the neighbourhood
Provision of urban services	Universal access meeting the needs of all	Community involvement with sense of belonging
Urban environment	Sense of collective belonging for enhancing the social good	Sustainable use of Resources and consumption practices
Economy and economic base	Self- reliance for resilient local economy	Sustainable linkages with outside economics
Community mobilization	Civic engagement with participation and partnership in the provision of services	Integration of communities for cosmopolitan development.
Governance	Social cohesiveness and democracy with equitable access for all to resources and decision- making processes	Intergenerational equity with respect to sustainable use of natural and cultural resources.

Adequate Housing and Slum Upgradation

The 2015 Constitution of Nepal recognizes the right to decent shelter as a fundamental right. The constitution also emphasizes social justice as a fundamental principle and commits to ending discrimination and marginalization. This provides justification for updating policies to upgrade slums and meet housing demand and enhance conditions and security with access to decent, reasonably accessible basic services.

According to the Right to Housing Act 2018, the homeless person and family, as a result of natural disaster, shall be provided with the housing facility progressively, as required, based on resources by prioritising, with reciprocal coordination, by the Government of Nepal, Provincial Government, or Local Level. Additionally, it aims to provide the homeless person and their family with a financial tool so they can have access to housing facilities. Based on the Right to Housing Act, 2018, the budget 2022/23 stipulates provision of housing to landless Dalits within the next three years (sector wise programmes).

According to the National Land Use Policy, and Act 2019, the Government of Nepal has committed to securing tenure and land ownership, protecting land rights, rehabilitating the homeless, and informal tenure-holders for better housing, and ensuring equitable access to land for everyone, including women and vulnerable groups.

For providing land to landless Dalits and managing the informal settlements, the government has issued the "National Land Commission Formation Order, 2021" to outline the roles, responsibilities, and authority of the commission.

The commission's responsibilities include developing criteria and standards for the identification and verification of landless Dalits, squatters, and unmanaged residents; creating the necessary procedures and designs for the collection of beneficiary inventories; carrying out tasks related to beneficiary identification, inventory collection, and verification at the local level; and preparing land map records by conducting measurement and survey through the appropriate channels. When deciding whether to offer land to landless Dalits, and informal settlements, the commission is also obligated to scrupulously abide by the provisions of the current Land Act and other laws.

National Urban Development Strategy 2017, underscores affordable, adequate, and safe housing as the objective of the urban housing sector. Strategies include facilitation of the private sector to provide housing to the economically weaker sections; regularization of standards of group housing; and promotion of innovative, economic, and environmentally friendly buildings. Strategies to discourage informal settlement and encroachment, encourage cooperative mechanisms for the production of housing for the economically weaker sections, and facilitate the production of serviced land through public-private/community partnership have been proposed.

The National Urban Policy (2024) and the 16th Development Plan has further emphasized on promoting collective, joint and rental housing to increase access to shelter particularly targeting the lower-income and marginalized communities.

Efforts have been in place to supply housing demand, such as several Town Development Committees are also involved in producing serviced plots. Nepal Rastra Bank provides Concessional Loans as Housing Loans for earthquake victims. The private sector has not been

able to cater to the demand for housing. However, for the provision of safe and affordable housing, innovative housing approaches such as cooperative housing, rental housing, and social housing are yet to be explored.

In recent decades, the housing sector has seen significant private investment, but the target groups are majorly upper-middle income families. Likewise, agencies like Employee Provident Fund caters to the needs of government employees only, whereas financial and banking institutions provide housing loans to financially well-off customers only. Thus, the existing housing financing sources are beyond the reach of poor households.

The Safe Citizen Housing Programme Implementation Procedure-2019, focuses on providing benefits to families that live in huts or homes with thatched roofs, which are frequently damaged by fire, severe weather, and storms. The initiative seeks to provide suitable, secure, and environmentally compatible housing for those who are below the poverty line and those who have become homeless as a result of disasters. The Government of Nepal initiated the Janata Awas Karyakram (People's Housing Programme) in FY 2009/10. After restructuring, the provincial government is continuing the implementation according to the People's Housing working procedure 2018.

Provincial Level

At the provincial level, there have been some initiatives towards upgrading slums.

Koshi province: The province has safe urban housing programme, for resettlement of vulnerable settlements programme (KPPC, 2018).

Madhesh province: Housing programme based on land sharing among Parwanipur's informal settlement has been initiated (PPPC, 2019b). The province promotes eco-friendly housing based on land sharing programmes (PPPC, 2019b).

Bagmati Province: There have been efforts in housing management of the poor through land sharing programmes in urban areas (PPPC, 2018). The multi-storeyed housing which was constructed by DUDBC as a part of a resettlement programme for the people living in informal settlements has remained vacant and needs evaluation. Three buildings have been built under the Ministry of Urban Development to accommodate 300 families in Icchangu Narayan Municipality.

Gandaki Province: Informal settlements addressing initiatives have been rolled out (PPPC, 2019a) including social housing construction (PPPC, 2022b).

Lumbini Province: Programmes initiated are the safe citizen housing for landless citizens, integrated new settlement programme etc (MoEAP & PPC, 2018). Integrated new settlement programme, compact dwellings, densely populated area development programme, etc.

Karnali Province: Programme initiated are: safe integrated settlement development programme, *Bhumihin and Lopunmukh saudayeko surakshit basti bebasthapan* (safe settlement management for landless and endangered), internal migration management programme, *Khana, Nana, Chana* (Food, Clothes Roof) programme, targeted group enterprise development programme (KPPC, 2022). The insurance scheme by the provincial government that covers 15 municipalities and 16,000 housing stock in the province, against multi-hazards.

Sudurpaschim province: Programmes initiated are: identification, verification, and recording of informal land; informal settlements management programme, integrated settlement development programme for province's landless, disaster's victim, kamaiya, haliya, "access of targeted group accretion programme" which deals with providing public land on lease to landless group, Chief minister integrated settlement development programme (PPPC, 2022a).

Nagar Pramukh Awas Yojana

Under Nagar Pramukh Awas Yojana, the Duhabi municipality has aimed to develop group housing for 10 households in safe land abiding with building bylaws. The target households would ideally be chosen from the same caste, neighbourhood, and geographic area. Each home will require a minimum of 5 dhur of land (one dhur is equal to 29.99 square feet). Each home would feature a biogas plant, two bedrooms, and a single kitchen. The municipality plans to purchase 2 bigha (1 bigha equals 72900 sq. ft) of land for the programme, on which it intended to construct 100 residences together with a day-care centre, temple, community building, health post, and primary school, and give land to squatters, landless and Dalits. (MUAN, 2019)

Managing the influx of people into urban areas while ensuring access to adequate housing is a significant challenge. Urban areas face challenges of overcrowding, inadequate housing supply, and high housing prices. Many individuals and households in Nepal face difficulties in accessing affordable housing finance. Limited availability of mortgage products, high interest rates, and stringent eligibility criteria pose significant barriers to obtaining housing loans. This restricts the ability of low-income families to improve their housing conditions.

Renting is prominently becoming urban phenomenon with 42.6percent of rental population in metropolitan area. Rental housing proportion modest in municipalities (12.8%) and sub-metropolitan cities (18.3%). The proportion is significantly higher in Kathmandu Valley at 50.1 percent and quite significant in urban areas at 34.3 percent. (NSO, 2025)

Informal settlements and slums emerge as a result of the lack of affordable housing options and rapid urbanisation. Securing land for affordable housing and preventing slums is challenging, especially in urban areas where land prices are high. Limited availability of affordable land often leads to the proliferation of informal settlements and slums. Residents in informal settlements are frequently vulnerable and under fear of eviction due to the lack of secured land tenure. It is challenging to put into practice efficient management techniques and update the settlements when there are unclear property rights.

They often lack access to basic infrastructure such as water supply, sanitation, electricity, and solid waste management. The inadequate provision of essential services poses health and safety risks for residents. Coordination between various levels of government and stakeholders is necessary to resolve land tenure concerns.

Gentrification, driven by urban redevelopment and rising property values, can lead to the displacement of low-income residents from their neighbourhoods. Balancing the need for urban development with social equity and inclusivity is essential to prevent slums and manage gentrification effectively.

Moreover, there is a challenge for sustaining heritage neighbourhoods. The intrinsic link between inclusiveness and sustainable development as evidenced by the heritage neighbourhood of Nepalese cities should be established in the future urban development. Urban design and

management should be based on inclusiveness directed towards sustainability as shown in the following table.

Managing informal settlements can involve different approaches such as relocation, upgrading, or resettlement. Implementation of policies and legal frameworks that recognise and regularize informal settlements, and providing secure land tenure to residents, granting them ownership rights or long-term leases are some of the initiatives that can be implemented. This not only provides security for residents but also enables them to invest in their homes and access basic services.

Innovative and affordable housing solutions in Nepal can help address the housing needs of the growing population, particularly in urban areas. Government-led social housing programmes can provide affordable housing options for low-income individuals and families. These programmes can involve subsidies, grants, or financing schemes that make housing more accessible and affordable.

Promoting alternative housing models such as cooperative housing or rental housing can provide affordable and sustainable options for urban residents. Cooperative housing allows residents to collectively own and manage their housing units, sharing costs and decision-making. Rental housing, when regulated, can provide affordable and flexible housing solutions for a diverse range of income groups.

Due to the risk of earthquakes, it is essential to prioritise seismic resistance in house designs. Governments should establish and enforce building codes and standards that set guidelines for construction practices, safety, structural integrity, and energy efficiency. These codes ensure that housing developments meet minimum requirements for habitability, structural soundness, and environmental sustainability.

Incorporating sustainable and energy-efficient features into housing design can lower utility costs and promote environmental sustainability. This can include a passive solar design, energy-efficient appliances, rainwater harvesting, and renewable energy systems like solar panels.



Photo: Private sector housing in Khokana

There is a need to collaborate with various stakeholders, including private developers, nonprofit organizations, community groups, and financial institutions to leverage resources, expertise, and innovative solutions in the housing sector. Public-private partnerships can help mobilize funding and facilitate the construction of affordable housing. Public-private partnerships leverage the expertise and resources of both sectors to create affordable and sustainable housing. This can involve joint financing, land acquisition, and construction efforts to ensure the successful implementation of sustainable housing initiatives.

High interest rates associated with housing finance provided by banks and financial institutions make it expensive, posing a challenge in ensuring accessibility and affordability of housing for not only low-income families but also middle-class families. Furthermore, there is a lack of dedicated and competent credit institutions to offer subsidized housing finance to meet the growing demands. The existing housing finance system falls short in adequately addressing the increasing housing needs of low-income families. Consequently, finding ways to make simple and affordable housing finance available has become a significant concern and challenge for most major cities in Nepal. Thus, accessible financing options, such as microfinancing or housing loans tailored to low-income individuals, can support affordable housing initiatives. This enables households to invest in housing while managing their financial capacity.

Ensuring Sustainable Access to Safe Drinking Water and Basic Sanitation

The water supply in Nepal faces challenges related to its unreliable delivery and inconsistent quality. Comprehensive measures, such as infrastructure development, investment in water treatment and distribution systems, watershed management, water conservation, capacity training, and community involvement, are needed to address Nepal's water supply concerns.

The percentage of the population using safe drinking water has increased from 15% in 2015 to 25% in 2019. Similarly, the household with access to piped water supply has seen just a slight increase from 47.8% in 2011 to 57% in 2021. (NSO, 2025). The census 2021 shows that tap/piped water is the main source of drinking water (within and outside premises) in urban areas, which is 36.82 %, followed by 30.30 % of hand pump/ tube wells (NPC, 2020). In addition, 5% of households are still without toilet facilities and 39% without safe sanitation. (NSO, 2023).

The federal government formulated national policies, strategies, and guidelines related to water supply and management. These policies provide a framework for addressing water supply issues, ensuring equitable access, and promoting sustainable water resource management. Provincial and local governments align their plans and policies with the national framework to address regional and local water supply needs.

The government continues to work to enhance water delivery services and guarantee that all Nepali residents have access to safe drinking water and sanitation services in conjunction with local communities and development partners. WASH policies in Nepal are aimed at ensuring equitable access to clean and safe drinking water for all residents in line with the constitution of Nepal, which stipulates that water and sanitation facilities are fundamental rights of the people.

The National Drinking Water Quality Standards, and Implementation and Monitoring Guideline (2023), Sanitation and Hygiene Plan (2022) WASH Policy (2023), and Drinking Water and Sanitation Regulations (2025) are some of the latest policies and regulations in the reporting period, that provide a legal basis for water supply management, including the private sector management of schemes and independent fee setting and regulation. Likewise, the national campaign for 10-years led to elevating the status of Nepal as an Open Defecation Free (ODF) Country in 2019.

The 16-year Development Plan of the Water, Sanitation, and Hygiene (WASH) Sector in Nepal aims to align the sector's goals and activities with the Sustainable Development Goals (SDGs). It focuses on improving access to safe drinking water, sanitation, and hygiene practices throughout the country. As part of this plan, the government has set specific targets and strategies for the WASH sector. The plan emphasizes the creation of sanitation master plans for all local levels (municipalities and rural municipalities) in order to direct sanitation initiatives from 2016 to 2030. The government also planned to create an additional 100 local level sanitation master plans for the fiscal year 2022–2023. These strategies offer a road map for enhancing hygienic conditions, encouraging good hygiene habits, and reaching the SDG objectives locally.

The first phase of the Melamchi Water Supply Project (sub-project-1) is implemented by the Melamchi Water Supply Development Board (MWSDB), which involves diverting 170 million liters of water per day from Melamchi River to Sundarijal in Kathmandu through a 26.0 km long water tunnel.

Provincial level

Koshi Province: The province supports programmes on access to safe drinking water programme, water testing lab, operation and improvement of water supply projects, province drinking water and sanitation programme (PPC, 2019, 2022), drainage construction programme, complete sanitation programme (KPPC, 2018, 2022).

Madesh province: The province prioritizes conservation of drinking water source, drinking water pipe extension and tap distribution (PPPC, 2019b, 2021), wastewater management, public toilet construction, complete sanitation programme (PPPC, 2019b, 2021).

Bagmati Province: The province prioritizes drinking water and sanitation programmes in areas deprived of basic water and sanitation service, special programme for arsenic free drinking contaminated settlements, provincial water supply and sanitation management information system (PWMIS) installation programme. Converted from single pit to double pit toilets of households that has been freed from open defecation through a complete cleaning programme (MoEAP, 2022a, 2022b; PPPC, 2018)

Gandaki Province: The province targets providing 100% drinking water to the households who do not have access to basic drinking water, providing medium and high-quality water supply facilities in major cities (PPPC, 2019a, 2022b) including construction of universal public toilets, conducting public awareness programmes of solid waste management in urban areas in close collaboration with local communities, construction, and treatment of sewage in urban areas (PPPC, 2019a, 2022b)

Lumbini Province: The province has implemented various programmes to enhance water supply and ensure water security focused on location specific projects, including quality

accreditation and control programmes. (MoEAP & PPC, 2018; PPC, 2018) On sanitation, toilet construction campaign, complete sanitation programme, solid waste management programme, vehicular road waste free state programme, public awareness, sanitation and sewerage management programme, acquisition of land for sewage treatment plant as few examples. (MoEAP & PPC, 2018; PPC, 2018)

Karnali Province: The province has focused on water programmes promoting new technologies, estuary and drinking water conservation programmes, **including specific projects for provincial capital and district head quarter.** (KPPC, 2018, 2022).

Sudurpaschim province: The province has prioritised estuary conservation programme, province capital drinking water special programme, drinking water quality improvement programme (PPPC, 2022a, 2022c), including public toilet construction programme, complete sanitation programme, waste recycling project in which fertilizers will be produced by collecting the waste from dense settlement (PPPC, 2022a, 2022c)

Chhuhane drinking water project in Namo-Buddha Municipality, Kavre Under the slogan ‘Jalshrot Samrakchhanko Abhiyan” (Water sources preservation campaign), Namobuddha municipality, has implemented Chhuhane Drinking water project as the municipality pride project that caters 126 deprived and dalit households in ward 4. The project was a joint support of Namobuddha municipality and Samaritan Purse, joint investment of Nepal Christian Assistant service and local consumer committee (MuAN, 2019).

Rapid urbanisation and population growth in cities put immense pressure on water supply and sanitation systems. The increasing demand for safe drinking water outpaces the development of infrastructure, leading to inadequate and unreliable access to safe water for a significant portion of the urban population ensuring the quality of drinking water is crucial in urban areas. Contamination from industrial activities, improper waste disposal, and inadequate sanitation practices can result in the presence of pollutants, chemicals, and pathogens in the water supply, posing health risks to urban residents.

Many urban areas in Nepal have informal settlements and slums where access to safe drinking water is limited. These areas often lack proper water supply infrastructure, leading residents to rely on unsafe water sources, such as communal taps or water vendors of questionable quality.

Effective governance and coordination among government bodies, water supply agencies, and local authorities are essential for ensuring access to safe drinking water. Weak institutional capacity, limited coordination, and bureaucratic challenges can hinder the efficient delivery of safe water services in urban areas.

Addressing these challenges requires a multi-faceted approach that includes improving water infrastructure, upgrading and maintaining existing systems, implementing effective water quality monitoring and treatment, promoting water conservation practices, and ensuring equitable access to safe drinking water for all urban residents. Encouraging rainwater harvesting and greywater recycling systems in urban areas can augment water supplies.

Decentralized strategies enable the modification of water delivery systems in accordance with the unique requirements and circumstances of each community. Decentralized systems can be created to solve specific constraints, such as local geography, water availability, and population density, as opposed to using a one-size-fits-all strategy.

By adopting sustainable water resource management and wastewater management practices, Nepal can ensure the availability of clean water, protect ecosystems, mitigate water-related risks, and promote the overall well-being of its communities. An integrated approach to water resource management needs to be planned considering the entire water cycle and the interconnectedness of water sources such as rivers, lakes, groundwater, and rainwater. It is important to implement policies and practices that prioritise the protection, conservation, and sustainable use of water resources.

The traditional sewage systems, many of which have deteriorated, pose major challenges for wastewater management in metropolitan areas. Urban flooding is on the rise due to challenges in managing stormwater in expanding urban areas. Hence, it is crucial to follow the Water Sensitive Urban Design (WSUD) in planning the urban areas and emphasize on sustainable management of stormwater runoff through the promotion of techniques such as green infrastructure (e.g., rain gardens, bio-retention basins, and swales), permeable pavements, and constructed wetlands to capture, treat, and infiltrate stormwater on-site. This helps reduce the impact of urban runoff on water bodies and replenishes groundwater.

Decentralized wastewater treatment approaches, such as constructed wetlands, decentralized sewage systems, eco-sanitation techniques, and nature-based stormwater management strategies and onsite wastewater treatment systems (e.g., septic tanks) could be more cost-effective and efficient in treating wastewater in areas where centralized infrastructure is not feasible.

Policy initiatives that encourage the use of water-efficient infrastructure, such as low-flow fixtures, rainwater harvesting systems, and greywater recycling, in buildings and public spaces need to be implemented so as to reduce water demand and promote sustainable water use practices, including reducing stress to drainage infrastructure.

Improving Access to Clean Domestic Energy

In the context of federalization in Nepal, renewable energy plays a crucial role in achieving sustainable development, energy security, and equitable distribution of energy resources. Nepal, with its abundant renewable energy resources, has the potential to significantly enhance access to clean energy.

According to CBS (2019), 91.2% of households in urban areas and 80.4% of households in rural regions in Nepal used electricity as their primary source of lighting in 2016–17.

The Renewable Energy Subsidy Policy, 2016 aims to contribute to the national objectives of providing access to clean and sustainable energy and includes provisions to subsidize not only the upfront cost but also consumption-based premium electricity price. The Renewable Energy Subsidy Delivery Mechanism for special programme, 2016 delineates the steps for providing subsidies under urban solar energy programmes. Urban consumers are categorized under residential and commercial solar energy systems. The National Energy Efficiency Strategy, 2019 seeks to double Nepal's average annual increase rate of energy efficiency from 0.84% in 2000 to 2015 to 1.68% in 2030 AD.

As per Economic Survey, 2021/22, by mid-March of 2022, out of the total installed power capacity of 2,205 MW, the hydropower generation is 2,022 MW from hydropower, 49.76 MW

from solar plants, 53.4 MW from thermal plants, 74 MW from alternative energy promotion centres and 6 MW from sugar mills through cogeneration technology. Similarly, 581 MW from the power project owned and operated by Nepal Electricity Authority and 1,440 MW from the power project operated by the private sector have been connected to the national grid.

Some of the key Government Initiatives promulgated by the Government for access to modern renewable energy are: Nepal Energy Efficiency programme (2019/20-2023/24), Bio-Energy programme (2019/20-2023/24), Micro and Small Hydropower projects (2019/20-2023/24), wind Energy programme (2019/20-2023/24), “One province, one mega project”- with at least one mega hydropower/ solar project to be started in every province, electricity development Ten Year programme.

Federalization allows provinces to have greater control over the development and utilization of these resources based on their specific potential and needs. Provinces can conduct resource mapping and assessments to identify their renewable energy potential and formulate plans for resource utilization, considering local conditions, community participation, and environmental considerations. Provincial governments can develop their own energy policies, plans, and regulations that align with the national energy goals and strategies. These plans can include targets for renewable energy deployment, incentives for private sector investment, and mechanisms for integrating renewable energy into provincial development plans.

Provincial Level

Some of the key initiatives at the provincial level are:

Koshi province: Improved stove, biogas, small hydropower development, community electrification, provincial pride project (PPC, 2019, 2022)

Madhesh province: Production and multiple use of solar energy, improved stove (PPPC, 2019b, 2021)

Bagmati Province: Support in renewable and alternative energy production (MoEAP, 2022a, 2022b; PPPC, 2018)

Gandaki Province: Province to provide solar energy facilities for 1,160 residences at seven local levels on government subsidies through its yearly policies and programmes for the Fiscal Year 2077/78 BS in the Mustang, Manang, Myagdi, and Gorkha districts (PPPC, 2019a, 2022b).

Lumbini province: energy development programme (MoEAP & PPC, 2018; PPC, 2018)

Karnali province: Karnali Ujjyalo Programme, Betani-Karnali hydropower , Karnali ko pani-janata ko lagani (Karnali’s water, People’s investment), Solar mini grid connection programme, electric stove extension, capital alternate energy programme (KPPC, 2018, 2022)

Sudurpaschim province: Expansion of alternate energy in urban areas, establishment of large biogas plant, encourage use of alternate energy (PPPC, 2022a, 2022c).

Nepal is rich in water resources and thus has huge potential for development of hydropower, which is a renewable energy, however the high capital investment required for hydropower projects and uncertainties are key challenges. Limited availability of investment and financing options, both domestically and internationally, hinders the development of large-scale

hydropower projects. Environmental and social safeguard needs to be ensured as it results in land acquisition, community resettlement, and changes to river ecosystems. A major challenge is striking a balance between the demand for clean energy and environmental and social sustainability. Seasonal variations in water flow can be seen in Nepal's rivers, with monsoon season flows being higher and dry season flows being lower making it difficult to maintain regular hydropower generation. Maintaining regular hydropower generation throughout the year is difficult due to this seasonality. As hydropower production is sporadic, careful planning and the incorporation of alternative renewable energy sources or energy storage technologies are necessary.

A significant portion of Nepal's population lives in remote, off-grid areas where access to reliable electricity is limited. Renewable energy, particularly solar, offers a viable solution for electrifying these regions benefiting households, schools, and healthcare centres with clean, reliable power.

In urban areas, especially informal settlements and marginalized communities, there is a pressing need for equitable access to clean and affordable energy. Integrating renewable solutions like solar, wind, hydro, and geothermal into urban systems supports a transition from fossil fuels, advancing inclusive and sustainable development.

The integration of sustainable energy planning into urban development strategies needs to be promoted by incorporating renewable energy targets, policies, and regulations in urban planning processes. It encourages cities to develop comprehensive energy plans that promote renewable energy deployment, energy conservation, and energy access for all.

The development of decentralized renewable energy systems at the local level, which involves promoting energy generation through technologies like rooftop solar panels, small wind turbines, and mini-hydropower systems, can enhance energy security, resilience, and local economic development.

The focus should be on promoting energy efficient buildings, appliances, and transportation systems to reduce energy consumption and greenhouse gas emissions. Energy efficiency measures, along with renewable energy, contribute to sustainable energy use and climate change mitigation.

Addressing Urban Mobility and Traffic Challenges

During the last few years, cities of Nepal have experienced a rapid rise in the severity of traffic congestion and road accidents coupled with rapid deterioration in air quality. The need for a more coherent urban transport and land use planning has been underscored to solve the problems effectively in the long run.

In Nepal, building bye-laws and land use principles are mostly governed by the existing road system in the area. Land use changes are allowed in view of the developments induced by the transport network. With ease in transport, various social service activities as well as economic activities also flourish. Transport is the most important determinant for the growth of the cluster economy. However, asymmetric emphasis on developing transport networks alone without due respect to proper integration with land use and economic opportunities – is often the case in Nepal.

The NUDS, 2017 has recommended integrated land use and transportation as intra-city transport strategies by encouraging land use-based transport development along with hierarchically balanced urban road infrastructure based on traffic volume/ ridership within urban limits.

The NUDS has also recommended sustainable urban public transport by improving existing public transport through public centric design and promoting non-motorized transport (NMT) and pedestrianization through guidelines and standards for cycle tracks, walkways, and mobility for persons-with-disability.

The 16th Development Plan prioritizes increasing transport and communication links to maintain balance and coordination between rural and urban economies, as a transformative strategy. It prioritizes making policy and regulatory provisions for development of multimodal transport system based on an integrated transport plan, that ensures a citizen-friendly, sustainable, safe, affordable, decent, inclusive and reliable public transportation system.

Gradual improvement in the public transport sector in Kathmandu Valley, hitherto dominated by small vehicles, is a positive development. However, the sector still needs more investment and expansion not only in Kathmandu Valley but also in other growing urban regions outside the Valley. Urban transport sector in Nepal is still dominated by private operators who generally employ small vehicles. About 2000 private operators have been providing public transport services in the Kathmandu Valley, with their fleet including about 1,560 buses and mini-buses, 1,800 LPG and battery-operated three-wheelers, 2,500 minibuses, and 3,700 taxis (Bhattarai & Shahi, 2021).

The establishment of Vehicle Fitness Testing Centres in all provincial capitals in Nepal is a significant initiative aimed at improving road safety and ensuring the fitness of vehicles on the roads.

The role of integrated land use planning for improved urban mobility is being increasingly realized in the urban planning domain in Nepal as evident from the following policies and plans:

- Ministry of Transport promulgated Urban Public Transport Authority Act, 2022 to establish Urban Public Transport Authority to ease the public transport service, accessible, passenger friendly, reliable, and safer. The Act is intended to provide the legal base for an integrated transport system management, development and extension in the urban area.
- National Sustainable Transport Strategy (NSTS) for Nepal (2015-2040): Final Draft published in 2015. The strategy aims to establish targets and guidelines for reducing carbon emissions, promoting energy efficiency, and enhancing the accessibility and affordability of sustainable transportation options.
- Project on Urban Transport Improvement for Kathmandu Valley: Master Plan and Pilot Project finalized in 2017.
- Study for Electric Bus Rapid Transit (e-BRT) in the Kathmandu valley under Green Climate Fund (GCF) (ongoing).
- Establishment and Operation of Road Accident Information Management System (RA-IMS), 2020.
- Intersection improvement Project in Kathmandu to alleviate serious traffic congestion by constructing a flyover or an underpass at Koteshwor intersection. Large scale projects of Nagdhunga Tunnel construction, fast-track to Kathmandu Valley, Gwarko flyover are either completed or under construction.

Local governments have also started to raise their stake in public transportation. For instance, Sajha Yatayat has received investment from Kathmandu Metropolitan City, Lalitpur Metropolitan City, and Mahalaxmi Municipality. Efforts are being made in other large municipalities to run their own city bus network.

Sajha Yatayat



(Photo: Sajha Yatayat)

In Nepal, Sajha Yatayat is a cooperative organisation which is a well-known provider of public transportation. It runs 71 buses that are Euro III and IV emission standard diesel buses especially in Kathmandu Valley catering to around 26,000 passengers a day. It also caters to long distance transportation, especially to Baglung, Rupandehi, Butwal, Bhairahawa and Kushma in Parbat district. Sajha Yatayat aims to provide a transportation system at affordable prices, with comfortable buses, and reliable service and also intends to have electric buses.

In the context of the New Urban Agenda, the Sustainable Development Goals, and the Paris Agreement, “Solutions plus” project brings together a worldwide platform for shared, public, and commercial e-mobility solutions. Sajha Yatayat is part of this integrated urban electric mobility solution, in order to accelerate the shift to low-carbon urban mobility which brings together highly dedicated cities, industry, research, implementing organizations, and funding partners in one platform. The project includes demonstrations at the city level to test various forms of creative and integrated e-mobility solutions, in addition to a complete toolkit, capacity building, and replication activities.

Province Level

At the provincial level some provinces have made efforts towards managing traffic congestion.

Koshi Province- The number of transport management offices in the Koshi province has expanded to 70 local levels. At the end of 2022, the province had 65 permanent route permits for public vehicles and temporary route permits for 132 routes, increasing its alternative transport services route by 300 km. As part of the provincial road master plan, the province has also built 403 km of roads and promotes multi-modal transportation.

Madhesh province- The province has purchased 5 buses as a part of provincial transit service.

Bagmati province: Province undertakes construction of road and bridges after ensuring lessened impact on environment, vehicle fitness testing centre research and development, promotion of hybrid technology and electrified public and private means of transport (MoEAP, 2019, 2022b; PPPC, 2018).

Gandaki province: Province has provisioned for Mass transport, awareness in use of electric vehicles and public transportation (PPPC, 2019a, 2022b).

Lumbini province- The province has prioritised the establishment of a transport company for

management and effective operation of electric bus transport services, promotion of electricity vehicles and management of public vehicle route systems.

Karnali Province- The province has drafted Karnali Province Road Act to control traffic management and reduce road accidents. The province is also undertaking feasibility study on public-private partnership in transport management, water transportation infrastructure development programme, etc.

Sudurpaschim province: Province has prioritised inter-provincial connectivity through construction of road connecting Karnali corridor road and Mahakali corridor road (PPPC, 2022a, 2022c)

Land use changes are influenced mainly by investments. There is a need for integrated land use planning. Urban transport planning should be responsive to the changing transport needs brought by urban growth. Instead of managing the transport backlog caused by rapid growth, planned integration will allow continuous balancing between land use change and transport management.

Land use should be integrated with sustainable transport planning to form development patterns that reduce commuting demands (in terms of travel time or distance), and this is possible through appropriate densification (Joshi and Kono, 2009) such as transit-oriented development (TOD). Intermixing housing, business, and urban amenities in close proximity to public transport stations integrates long-distance travel by mass transit and short-distance (within-neighbourhood) travel on foot or by using non-motorized transport modes, reduces carbon emission and air pollution.

The TOD also aligns with the SDG Target 11.2 (“By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities, and older persons”).

Hence, promoting sustainable transportation systems is essential, as it helps reduce greenhouse gas emissions and air pollution and aligns with NUA to promote the use of mass transit systems, electric vehicles, pedestrian and non-motorised vehicle-friendly infrastructure, as well as integrated and multimodal transportation networks.

III. Sustainable and Inclusive Urban Prosperity and Opportunities for All

Managing Rural-Urban Linkages

Based on DEGURBA classification, in Nepal, 33% of the population live in rural areas, 40% in peri-urban or urbanising areas and 27% in urban areas. Rural and urban areas in Nepal are not only interrelated but interdependent in spatial, economic, cultural, social, and financial terms. Urban areas in Nepal are the main source of employment and other opportunities because of which a vast number of people migrate from rural areas to cities, and particularly from mountain and hill regions to the flat plains of Tarai.

When analysing the urban characteristics of municipalities, 25% of urban municipalities still have populations living in rural areas, and a significant portion of the population in peri-urban areas. It highlights the significance of urban-rural linkages within and between the municipalities and regions.

The management and strengthening of rural-urban linkages need to take into consideration development efforts geared to benefit both rural and urban areas as far as possible. In this regard, the role of small and medium sized towns/municipalities is integral as they frequently act as a bridge between rural dwellers and urban centres, strengthening economic opportunities, and providing access to markets and basic services.

In Nepal, the concept of rural-urban linkage as a strategy to achieve the objectives of urban-based rural development policy was introduced in the 7th Development Plan (1985-1990) and continued in the 8th Plan (1992- 1997). The 8th Plan called for the establishment of a national urban system and market-oriented urban sub-systems, with its goal to achieve sustainable development, poverty alleviation and reduction of regional disparity. It emphasized sectoral investments to promote self-reliant social, economic and market services in rural areas through road connectivity to facilitate rural urban linkages for balanced regional development.

In line with the 8th Plan, the United Nations Development Programme launched Rural Urban Partnership Programme (RUPP) in 1997 with the objective of improving people's livelihoods and strengthening local economies by leveraging social and economic development opportunities through stronger rural urban linkages. The significance of rural urban linkages, since then, has been recognised and included in all National Plans as a strategy to regulate urbanisation for balanced sub-regional development.

The NUDS 2017 prioritizes to achieve balanced urban system through strengthened production - distribution - consumption linkages between urban and rural areas and upgrading inter and intra-provincial/regional road connectivity standards.

The 16th Development plan underscores the need to increase competitiveness by strengthening rural-urban integration and inter-connectivity and consolidation of regional relations for a balanced urban system. In Nepal, there is a need not only to address the existing disparities in the availability of infrastructure services and facilities between rural and urban areas, but also in the socio-economic differences, so that rural economy could develop vis à-vis urban areas, which eventually leads to the strengthening of rural-urban linkages.

Some of the notable initiatives include:

- Small Towns Water Supply and Sanitation Sector Project I, II and III
- Small Towns and Market Centre Development Programme
- Model Village Development Programme
- Regional Development Plans for the Emerging Growth Corridors.
- Regional Urban Development Projects (RUDP) to set foundations for regional economic development by stimulating economic potentials through a regional approach.
- The Postal Highway, one of the national pride projects, Hulaki Marga, extends 1792 km from east to west. The project includes construction of roads that will connect 20 districts in Terai.
- Mid-Hill Highway, a project of national pride aims to connect through a road of approximately 1,879 Km from the eastern to the western border of Nepal connecting 26 districts and 215 settlements in the mid-hill region from Chiwa Bhanjyang in Panchthar to Jhulaghat in Baitadi. Overall physical progress of the Mid-Hill Highway was 64.16% by the end of June of the financial year 2021/22.

Provincial Level

Koshi Province: Improvements in transportation have made it easier for people and goods to move between urban and rural areas. Additionally, the province has also been expanding its network of airports and increasing air connectivity, which has further improved transportation linkages (PPC, 2018).

Madhesh Pradesh: The province has been extensively supporting in increasing the quality of physical linkage among market centre and its hinterland through constructing bridges across rivers facilitating the access of agriculture products to the market with slogan “Jahan Sadak, Tyaha Vikas” (Where Road, There Development) (PPPC, 2019b, 2021)

Karnali Province: Karnali province has the lowest rate of urbanisation. The Madan Bhandari highway that connect Dang, southern part of Salyan, Birendranagar, Panchapuri, Chaukune of Surkhet is a growth line that connects three major growth points such as Dang, Birendranagar and Chisapani of Kailali (KPPC, 2018).

Although efforts to promote rural-urban linkage have made progress in improving physical connectivity between rural and urban areas, limited investments in a few selected service sectors such as processing and trading have constrained their multiplier effect on the economy. In addition, weak sectoral integration and a lack of coordination in formulating policies, programmes, and projects for productive sectors have further reduced potential impacts.

Another challenge is the absence of enterprise clustering, which is needed to enhance productivity and profitability through shared physical and corporate services. Such clustering would also help align enterprise activities with municipal spatial planning.

Furthermore, the distinction between urban and rural areas in Nepal remains blurred, as they are closely intertwined and interdependent in many respects. While national plans have repeatedly emphasized rural-urban linkages as a tool for balanced sub-regional development, clear and actionable policies to promote such linkages are still lacking. Many regional centres in the hill areas also continue to fall short in creating sufficient economic opportunities and managing migration flows to the major towns of the Terai.

Addressing these issues requires strengthening the capacity of rural service centres and small,

intermediate, and secondary towns. This would help attract population, increase investment, create jobs, ensure the inclusion of the poorest and most marginalized groups, and reduce dependency on primate cities—critical steps toward a more decentralized growth model.

The New Urban Agenda also highlights the importance of strengthening rural-urban linkages. It calls for pragmatic policies and programmes to resolve jurisdictional overlaps among local bodies, innovative approaches to expand investments in productive sectors that can generate multiplier effects, and inclusive development processes that integrate disadvantaged groups into the mainstream of growth.

Supporting Local Economic Development

Development of local economy contributes to the national economy as it increases employment opportunities that absorb the increasing labour force, increases the revenue base of municipalities (as the number of taxpayers increase), and widens the market for different products with a rise in consumers' purchasing capacity.

The COVID-19 pandemic also highlighted the importance of having a robust local economy. With improved financial resources of municipalities, local governments will be able to invest in infrastructure facilities and services. Local economic development can also reduce urban poverty as small or informal businesses can also be accommodated.

Different local economies have different potentialities for growth based on their comparative and competitive advantages for specific products. This should be considered in deciding priority for investment needs. The NUDS, 2017 has also pointed out to the need of leveraging relative advantages of the urban areas/regions in manufacturing.

The mandate provided by the Constitution, local governments have been promoting 'pocket areas' within their jurisdiction for agricultural production, creating conducive environment for business establishments, and promoting youth entrepreneurship.

Municipalities such as Tilottama have even organised investment summit to attract investors. Provincial governments have also come forward with their strategic plans. However, impact is ultimately observed at the local levels, which makes it inevitable for federal and provincial governments to work with local governments for the upliftment of local economy, which will have a positive ripple effect on provincial and national economy.

Insufficient infrastructure, including roads, transportation networks, electricity, and water supply, has hindered economic progress at the local level. Additionally, many local entrepreneurs and small businesses struggle to access affordable financing, impeding their growth and job creation.

There is also a gap between the skills demanded by the urban labour market and those available with the local workforce, hindering employment opportunities and innovation. Moreover, local governments should identify lead sectors and leverage their unique selling points to address gap between investment and returns.

Strengthening the capacity of local governments, private sector, and community institutions is essential for effective planning, implementation, and monitoring of local economic development initiatives. Collaboration between the three tiers of government, private sector, civil society, and development partners is vital to address these challenges comprehensively.

Creating Decent Jobs and Livelihoods

Although cities offer various employment opportunities to different levels of people with different types of skills and educational backgrounds, job opportunities are extremely limited. As a result, there is intense competition for the available limited opportunities in the job market.

Survival in the cities is a major issue and concern for the new rural migrants as they lack urban skills and education. Their topmost priority is to get any job for their immediate livelihood, and the question of a decent job tends to be the second-order priority. The new migrants from the rural areas get employment mostly in the informal sector where there is less demand for skills and education, and therefore even unskilled workers can get jobs.

In Nepal, the majority of the urban labour force is engaged in the informal sector. Unlike the formal businesses, informal enterprises are not registered and are not protected by legal instruments.

Moreover, although informal enterprises are necessary to provide valuable support to urban poor and rural migrants, local governments are better off expediting the transition of informal enterprises to the formal economy to strengthen municipal revenue base.

The COVID-19 pandemic revealed the uncertainties in the job market in urban areas, where many labourers were left behind with little or no options to support their families in the absence of jobs, leading many to choose to return to their rural homelands. On a positive note, learning lessons from the pandemic, some municipalities such as Butwal and Tulsipur have also started building 'labour bank'. Likewise, the federal government has built Labour Information System.

The rapid urbanisation in Nepal has led to increased pressure on urban infrastructure, services, and employment opportunities, making it difficult to generate sufficient decent jobs. Inadequate skills and education, particularly among wage labourers, pose a hurdle to accessing quality employment, highlighting the need for vocational training programmes aligned with urban industry needs.

Transitioning workers from the informal to formal sector requires targeted support and interventions. Limited access to affordable finance has inhibited the growth of urban entrepreneurs and small businesses, hindering job creation.

Promoting entrepreneurship and innovation can stimulate job creation. Supporting aspiring entrepreneurs through training and access to finance is crucial. Investing in skill development programmes that align with market needs can equip urban residents, including women and marginalized populations, with the necessary qualifications. This demands targeted investment in the MSMEs emphasizing youths, local skills and crafts to create the foundation of local economic base and establish enterprises in organized ways.

Integrating Urban Economy into National Development Policy

Cities have often been called ‘the engine of economic growth’. However, most municipalities in Nepal, including the more urbanised ones, are financially weak and depend on inter-governmental fiscal transfers and grants.

Informal economy still constitutes a sizeable share in the urban economy. Although the informal economy provides opportunities for urban poor and rural unskilled migrants, especially during their initial stay in cities, it does not generate revenues for municipalities. Formalizing informal enterprises through financial, technical, and legal assistance is essential to boost urban economy.

The government has acknowledged the crucial role played by urban areas in driving economic growth, which is evident from NUDS 2017. The government has given priority to understanding and leveraging the unique characteristics and potential of different urban centres within the country.

Despite cities’ contribution to the national GDP, urban economy remains largely underappreciated in Nepal. Integrating urban economy into national development policy requires policy coherence and integration across different areas such as urban policy, industrial policy, housing policy, infrastructure policy, and monetary policy, among others.

Nepal’s fiscal federalism has also envisioned collaboration among the three tiers of the government for shared prosperity. This implies that provincial development policy should also accommodate urban economy as a strategy.

Hence, leveraging urbanization and urban development as a catalytic tool for economic growth and job creation would contribute significantly to increasing prosperity while helping to reduce poverty.

IV. Environmentally Sustainable and Resilient Urban Development

Improving Urban Land Management, and addressing Urban Sprawl

Efforts in Nepal have been directed towards increasing people's access to land for housing, while balancing demands for industry, commerce, infrastructure, transport, and agriculture, alongside the need for open spaces and green areas, and the protection of fragile ecosystems.

Land readjustment is a globally recognised technique of managing urban land for housing needs. In Nepal, it is better known as land pooling. Started in the late 1980s, the concept of land pooling made headway in the country. Efforts are made to mitigate sprawl through land readjustment/pooling projects with an objective to create nodes, where densification is envisaged, while protecting agricultural land.

A total of 13 land pooling projects have been implemented within the Kathmandu Valley (area: 352.8 hectares, housing plots: 15,960) with 8 projects coming up (area: 358.7 hectares) (Faust, Castro-Wooldridge, & Chitrakar, 2020). Six land pooling projects have already been implemented outside the Kathmandu Valley (Faust et al., 2020). The government has planned to develop new towns following the concept of land pooling.

In recent years, the role of the private sector in housing and urban development has changed markedly. For instance, in the Kathmandu Valley, over 1,500 hectares of land have been developed through private sector initiatives over the past decade, without formal urban financing support. The private sector has developed over 6,000 housing plots in 7 years since 2012 (or about 857 plots per year) in the Valley (Faust et al., 2020).

On the other hand, the supply of urban land for housing is also generated from the premature conversion of agricultural land. In Kathmandu Valley and other major urban areas, land brokers have been playing a crucial role in consolidating lands and selling plots with basic or no infrastructure facilities such as proper connectivity, water and sanitation facilities, open spaces, provisions for emergency vehicles (fire trucks, ambulance), and consideration for disaster risks, among others.

While efforts are in place to generate service plots for housing, in general ineffective planning and poor or no land use regulations have resulted in unplanned and spontaneous growth of urban settlements in the fringes. This has encouraged low density urban sprawl. Upgrading of the existing housing stock and built environment remains largely ignored, entailing households to move out to the low-density area at the city periphery.

Although the Land Use Act 2019 aims to protect farmlands by restricting their conversion into other land uses, the market force, demand and pressure from landowners with lack of regulatory bodies for enforcement, has been a challenge.

Besides sprawl, the growth of informal settlements has emerged as a serious urban concern. The informal settlers, who are mostly rural migrants and displaced communities from economically disadvantaged background, are vulnerable to eviction and disaster risks, as these settlements are often located on steep slopes or flood plains.

Government agencies at different levels have supported community efforts in improving infrastructure and service conditions. Urban upgrading programmes have been launched in slums and informal settlements with positive effects on housing conditions. The population living in slums and informal settlements reduced from 500,000 to 200,000 from 2015 to 2019 (NPC, 2020).

The National Land Commission, which was established recently in FY 2021/22, has been handling issues related to landless and other informal settlers. The Commission has reached an agreement with over 700 local governments and started process of survey in municipalities, while the process has been slow due to frequent dismantling of the Commission.

Land is a scarce resource, and more so in the urban context. The existing land management practices need major improvements in order to deal with competing urban land requirements for housing, industry, commerce, infrastructure, transport as well as public and green spaces in line with SDG Target 11.7 (“By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities”). Effective land-use planning interventions, coupled with strong enforcement, are essential to achieve sustainable urban growth. By promoting mixed-use, compact, and walkable neighbourhoods through proper densification and infill development, such measures can ensure optimal use of available land while curbing urban sprawl.

Enhancing Urban and Peri-Urban Food Production

Most urban expansion in Nepal occurs at the expense of fertile farmlands, driven in part by a lack of clear policies on land preservation. Cities often use peripheral land inefficiently, and existing serviced areas remain underdeveloped.

The Kathmandu Valley and the Terai region are stark examples of how premature urbanisation is displacing agricultural land. As farmers leave traditional occupations for urban job opportunities, and as new municipalities accelerate construction, food security in rapidly growing cities has become a concern.

Urban agriculture in Nepal has gained policy recognition only in recent years. Traditionally, it was regarded as incompatible with urban development. However, this perception is shifting, and food security is now increasingly integrated into urban planning. The NUDS, 2017 explicitly promotes urban agriculture as a strategy for enhancing urban sustainability.

In response to growing concerns about the increasing fragmentation of fertile lands and haphazard urbanisation, the government enacted Land Use Act, 2019 that classifies land into nine categories, including agricultural land, and prohibits its conversion for other uses unless under exceptional circumstances. This legal framework aims to ensure optimal and sustainable land use.

At the local level, municipalities have also been promoting initiatives such as rooftop gardens and backyard farming to reduce reliance on external food supplies.

The government has also promoted urban agriculture through programmes such as Food Green City. For example, Kritipur Mahalaxmi promotes small-scale urban agriculture schemes and likewise, provincial governments have also been encouraging agricultural production by declaring ‘pocket regions’ and discouraging the trend of keeping land barren by promoting commercial agriculture through land consolidation and farming contracts with landless farmers.

The government has initiated the concept of land banking, which allows the consolidation of fragmented and barren lands to promote agriculture and enable farmers to access regularized plots for cultivation through a formal mechanism.

Despite these efforts, urban agriculture often remains limited in scope and symbolic in nature. For it to be effective, it must be integrated into the urban economy through fair pricing systems and efficient market linkages. Without this, urban agriculture cannot scale or contribute meaningfully to food security.

Urban and peri-urban agriculture is closely tied to both ecological health and sustainable food systems. As many rural areas are now absorbed into municipalities, protecting and utilizing urban farmland has become a national priority. These efforts directly contribute to Nepal's commitment to Sustainable Development Goal 2: ending hunger, ensuring food security, and promoting sustainable agriculture. Legal protection is essential, but without actual production and distribution, food security goals cannot be realized.

Addressing Climate Change

Nepal is one of the high-risk countries in terms of vulnerability to climate change impacts. From 1971 through 2014, Nepal experienced an average annual temperature increase of 0.06°C. Studies confirm that Nepal is highly likely to experience an increasing trend of frequent extreme climatic events, such as cloud bursts leading to severe floods, increased incidences of drought phenomena, high temperatures, and rapid glacial retreats. Climate change impacts contribute significantly to Nepal's Economic Vulnerability Index; at the same time, it is one of the least ready countries to adapt to these impacts. The direct costs of current climate variability are estimated to be 1.5% to 2% of the current annual GDP in Nepal (MOEST, 2014) with a high probability to spike to 2.2% by 2050 and 9.9% by 2100. If adaptation and mitigation actions are put in place, the loss can be reduced to around 2.4% of GDP by 2100.

The Constitution guarantees the fundamental right of every citizen to live in a clean and healthy environment and sets the policies of the state to pursue climate change management related concepts, like sustainable and environment-friendly development, promotion of renewable energy, mitigating possible risks to the environment from industrial and physical development, giving priority to environment-friendly technology in transportation, and developing eco-tourism. It devolves power and resources to local governments and mandates the mainstreaming of disaster risk reduction and climate change adaptation across the three tiers of government in Nepal: local, provincial, and federal.

Nepal has ratified a number of international agreements and commitments regarding climate change. These agreements provide a framework for global cooperation in addressing climate change and guide Nepal's actions in mitigating greenhouse gas emissions and adapting to the impacts of climate change. Some of the key international protocols and commitments in the context of Nepal include United Nations Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol, the Paris Agreement on Climate Change and the Sustainable Development Goals (SDGs).

Nepal has developed a number of policy instruments, including the National Climate Change Policy (NCCP) 2019, to lessen the risks and impacts of climate change, improve community resilience in the new governance structure (federal, provincial, and local). The policy envisions developing resilient societies to support the nation's socio-economic prosperity by integrating climate responsive programmes in development sectors. Especially in the urban and rural sectors, the policy aims to develop rural and urban areas for secured, sustainable, and resilient settlement and infrastructure through land-use planning. Nepal has developed and submitted its third Nationally Determined Contribution (NDC) in 2025, outlining the country's targets to reduce GHG emissions for the 2020-2030 decade. It covers emerging sectors like solid waste management, public health, industrial processes and product use, and urban settlements. It also reinforces adaptation priorities within the National Adaptation Plan (NAP 2021–2050),

focusing on climate-smart agriculture, integrated water resource management, biodiversity in mountain ecosystems, and climate-resilient infrastructure.

The NDC highlights the critical role of climate finance, particularly in accessing the Loss and Damage Fund and ensuring a just transition.

In order for the NCCP and third NDC to be implemented successfully, localization is required. Enhancing the abilities of people, families, groups, and communities that are susceptible to and at risk from climate change is one of the goals of NCCP. It aims to "mainstream or integrate climate change issues into policies, strategies, plans, and programmes at all levels of the state and sectoral areas." According to the third NDC, implementation would take place through federal, provincial, and local governments, in collaboration with other pertinent stakeholders, including youth, women, and indigenous people.

Nepal's NAP (2021-2050) is a response to NCCP, which identified eight thematic areas and four cross-cutting areas. In the urban and rural habitat sector, the Nepal NAP prioritizes mainstreaming adaptation programmes in land use planning, integrated settlement planning, and urban and rural development planning; improving the enabling environment to promote climate resilient building design and construction; and assisting vulnerable settlements to cope with climate aspects. Past experiences in localizing climate change actions have been instrumental in laying the foundation especially the National Adaptation Programme of Action (NAPA), 2010, the National Framework on Local Adaptation Plans for Action, 2011, and Local Adaptation Plan of Action (LAPA) framework.

The National Forestry Policy, 2019 addresses the new federal governance structure and envisions contributing to the nation's social, economic, and cultural prosperity through managed forest regions and a balanced environment.

The National Biodiversity Action Plan (2014-2020) with a broad framework for developing a comprehensive work plan for forests, protected area systems, wetlands, mountains, and agriculture, has been a basis for the protection of natural resources. The President Chure - Terai Madhesh Conservation and Management Master Plan was designed in 2018 and presents an integrated conservation plan based on the river systems of the Chure Hill, Dun, Bhavar, and Terai Madhesh Regions.

The programme worked on preventing gorge landslides, riverbank management, underground water preservation through the construction of artificial ponds, conservation of water sources, and check dam construction. Similarly, under the Climate Change Resilience Chure Programme, 26 river system management plans have been prepared.

The Ministry of Finance has published a roadmap to systematically strengthen climate change mainstreaming into planning and budgeting in 2017. The report presents the Nepal Climate Change Financing Framework (CCFC) which provides specific steps to integrate climate finance into Public Financial Management (PFM) systems for effective climate financing.

National Urban Policy (2024) prioritizes climate risk informed infrastructure development, including promotion of green technologies for reducing green-house gas emission.

Nepal has begun the process of knowledge generation and dissemination by establishing the Nepal Climate Change Knowledge Management Center (NCKMC) Governmental, non-governmental, and community-based groups, academic institutions, and research centres work together to produce and disseminate data and information about climate change and its effects. By the end of July 2020, the NCKMC-NAST had undertaken climate change awareness campaigns in 62 districts.

LAPAs (460) are intended to be prepared and implemented as part of the 15th periodic plan (2019/20-2023/24). The strategy also attempts to track the emissions of greenhouse gases

from the following five industries: transport, business and industry, agriculture, forestry, and energy. Additionally, the strategy seeks to train 2,000 people (local planners) in climate change adaptation and implement climate change teaching in 90% of schools.

By FY 2021/22, 241 local levels had prepared and implemented the Local Adaptation Plan of Action, and Nepal Climate Change Assistance Programme helped nine million people who were endangered in 26 local levels across the country. All municipalities have identified 172 climate upliftment activities to be implemented using a local resilience action plan framework in conjunction with a seven-phase local development plan. (MoF, 2022).

Addressing Climate Change- An example of best practice from Chandragiri Municipality

Chandragiri Municipality has prepared a Local Disaster and Climate Resilience Framework (LDCRF) 2025 guided by the Local Governance Operations Act, Local Disaster Risk Management Plan Guidelines, Local Adaptation Plan of Action (LAPA), and other climate change and disaster management related documents present at local, provincial, and federal levels. The framework captures key understanding about disaster and climate change and provides a disaster and climate resilient plan including budget allocation and mainstreaming of the plan into development plans. The framework also includes recommendations for effective implementation, monitoring and evaluation of the overall process. The disaster and climate resilient plan embedded into the framework prioritizes effective governance, private and public investments, improved early warning and early actions, effective reconstruction and building back better, capacity building, and disaster/climate risk transfers. Chandragiri has also prepared a Voluntary Local Review of SDG implementation in the municipality where climate change and climate actions are given due priority in review and recommendations.

The Nepal Climate Change Support Programme-2 (NCCSP-2) (2019–2023), implemented by the Ministry of Forestry, assisted local governments in addressing climate change and integrating adaptation and resilience into their local development strategies, through LAPA. GEF funded Urban Ecosystem-based Adaptation of Climate-Resilient Development in the Kathmandu Valley is the only small-scale project through climate financing for urban areas, while the need for climate financing to support resilient urban development is greater. Nepal has promulgated GESI strategy and Plan of Action (2020–2040) under Nepal Climate Change Support Programme. Similarly, under the REED Forestry and Climate Change Programme, the government has supported in preparing the Land Use Plan in 40 local units.

At the provincial level, the climate change coordination committee has been established to enhance capacity building and increase public awareness and to coordinate and cooperate properly with various agencies.

Implementing climate mitigation and adaptation strategies is difficult due to a lack of funds, technical knowledge, and capacities, noting diverse ecological regions and complex topography of the country.

Lack of robust, updated and real-time data has been one of the key challenges in addressing climate change through targeted interventions and decision-making for resilient planning and infrastructure development, especially at the local level.

To effectively address climate change issues, the overall capacity of the sectors, ministries as well as other scientific and administrative bodies, and most essentially of the local governments need to be strengthened. Municipalities need to formulate climate action plans for building resilience and adaptation. This includes identifying climate hazards, evaluating vulnerabilities, and putting resilience-building techniques into practice in fields like water

management, infrastructure design, land-use planning, and risk reduction.

Urban resilience needs to be improved overall by making concerted efforts to reduce greenhouse gas emissions, adapt to changing climatic situations, and address climate change.

It is important to formulate and implement resilience strategies in the planning and development of buildings and infrastructure. This includes adopting resilient building codes, using sustainable and durable materials, integrating nature-based solutions into urban infrastructure, and ensuring critical infrastructure systems are designed to withstand climate-related stressors.

Nepal has been advocating for and raising attention on climate justice in international platforms, that demands access to climate financing and technical support, for least emitting countries like Nepal, who are taking the direct impact of climate change and induced disasters. Particularly, climate financing in urban settlements and sector is non-existent, which needs advocacy both at the national and global levels.

Reducing Disaster Risk

The Government of Nepal has prioritised mainstreaming disaster risk reduction (DRR) into Nepal's development agenda and has established several policies and procedures in the field of disaster risk management (DRM) in order to improve preparedness, response, and recovery from natural disasters.

The legal foundation for institutionalizing DRRM at the federal, provincial, and local levels has been provided by the constitutional provisions governing the shared responsibility of all three domains of government.

The National Strategy for Disaster Risk Management (NSDRM) 2009 has been the key guideline in disaster risk management until the formulation of National Disaster Risk Reduction Policy, in 2018 which is based on the learnings from the implementation of the NSDRM 2009, the Gorkha Earthquake of 2015, the major floods in 2014 and 2017, and other events. In accordance with the Sendai Framework for DRR, the overarching National Disaster Risk Reduction Policy, 2018, and the DRRM National Strategic Plan of Action 2018–2030 outline the key priority actions and give directions to concerned stakeholders at all levels to achieve targets within the predetermined timeline. Particularly following the deadly Gorkha earthquake in 2015, the Sendai Framework, the SDGs (2015–2030), and the Paris Agreement have been some notable international commitments that involve disaster risk management. The National Reconstruction Authority (NRA) was established as a special purpose institution, backed by Act, to expedite reconstruction of physical structures damaged by the massive earthquakes of April 25 and May 12, 2015, and their aftershocks. The Reconstruction and Rehabilitation Policy, 2016, provided strong steering to reconstruction and rehabilitation. The Post Disaster Needs Assessment prepared after 2015 earthquake by the National Planning Commission (NPC), provided the basis of strategies, priorities, and financial requirements for recovery.

Subsequently, the DRRM Act 2017 was promulgated that outlined key organizations, positions, and duties at the municipal, provincial, and federal levels. The DRRM Act led to the establishment of the National Disaster Risk Reduction and Management Authority (NDRRMA), as the focal agency to coordinate and implement DRRM-related functions in the country. One of the key objectives of the Authority is to develop the Disaster Information Management System considering federal, provincial and local levels. The authority also aims to support the provincial and local governments to prepare their respective disaster management related periodic plans.

At the Federal level there is provision for a DRRM National Council, Executive Committee, and NDRRMA. The provincial structure retains the Disaster Management Council and Provincial Disaster Management Executive Committees. The Local Government Operationalization Act (LGOA) 2017 has identified local governments as the key institution for DRM, with a list of the disaster management duties, from response, relief to early recovery, including managing the DRRM funds, developing policies, and organising communities.

Provincial Level

At the provincial level, Koshi, Madhesh, Bagmati and Sudurpaschim Provinces have developed their own Disaster Management Acts. Similarly, all provinces have prepared the Monsoon Preparedness and Response Plan, 2021 with support of NDRRMA.

Koshi Province- The provincial government has organised public awareness programmes on disaster risk reduction and management at all 137 municipalities, district, and government and non-government stakeholders. The province also promulgated Disaster Search, Rescue, and Rehabilitation Fund Operation Guidelines. Under 'Ma Aghi Badhchhu' (I will move forward") Programme, the provincial government aimed to make the youth disaster volunteers. Annually, the province has also been implementing river control programmes to reduce flood and landslide induced disasters.

Madhesh province- The province has been investing on protection of high flood and landslide risk settlements. The province has also worked on emergency rehabilitation centres related to floods and landslides. It has allocated funds for search, rescue and rehabilitation of disaster affected people.

Bagmati province- The province has promulgated Province Disaster Management (1st amendment) Act 2022. In the urban sector, the province has constructed 117 parks (FY 78/79) in the riverbank corridors, and public lands. It has also operated a water resource management programme and supported forest patrol for forest fire control, deforestation through the users committee.

Lumbini province- The province has been initiating a land preservation and water resource management programme that aims to control landslides and erosion in the flood prone settlements. The province has been continuing resettlement of disaster-affected communities under the Settlement Development Programme, in collaboration with federal and local governments. It has also prioritised water induced disaster risk reduction and management and local technology-based river embankments. The province has continued to ensure disaster management kits for search, rescue, and relief and the construction of helipads for emergency rescue.

Gandaki Province- The province has promulgated the Disaster Risk Reduction and Management Strategy.

Karnali Province- The province has promulgated the Group Disaster Risk Accident Insurance Working Procedure. The province has initiated 'Karnali Janata Tatbandhan Karyakram' (Karnali Public Embankment Programme) to protect risk sensitive settlements and other structures through integrated water induced disaster management. The province also advocates for disaster resilient, secured, well managed and environmentally friendly building construction. For strengthening the Legislative and institutional capacity focusing Karnali province's geographical specialty, it has aimed for disaster risk mapping at wards level, cooperation among different local, national and international stakeholders, strengthening disaster management fund, community disaster insurance, awareness programmes through mass media, and disaster informational systems.

Sudurpaschim Province- The province has established the Provincial Emergency Operation Centre (PEOC) and also developed the province's emergency management strategy. The province has also promulgated the Monsoon Preparedness and post-action Plan, 2079; Relief Distribution Directives, 2078, and conducts Monsoon Preparedness and post action exercise programmes. The province has prepared a multi-disaster risk mapping report. The province has aimed to control the water induced disaster through embankment, bio-engineering and other feasible technologies.

Disaster Risk Reduction Management in Birendranagar Municipality

The municipality has drafted a master plan to alleviate the risk associated with disasters- flood, fire, and earthquake and established Disaster management committees from the municipal to ward levels. It has also formed an Environment and Disaster management Committee at executive level to ease the effective implementation of regional decisions. For any projects above NRS 500,000 (USD 5,000) the municipality has made it mandatory to construct environment friendly and disaster resilience infrastructures. At each ward, it has kept necessary emergency equipment required for search and rescue operations, and also NRs. 100,000 (USD 1,000) emergency funds. The municipality has also added Fire and Disaster Management service charges in the integrated property cost to deposit in the emergency relief fund (MuAN, 2019, p. 100).

The weak implementation of the policies, regulations, and guidelines in DRR poses a significant challenge. Strong institutional capability is needed for DRR at all levels, including municipal, provincial, and national.

The Gorkha earthquake of 2015, was a significant event that provided valuable lessons for disaster risk reduction (DRR) efforts in Nepal. The earthquake highlighted the value of traditional knowledge and practices in disaster preparedness and response. Local communities in Nepal often possess traditional knowledge related to earthquake-resilient construction techniques, early warning signs, and evacuation strategies, recognising and integrating this knowledge into DRR initiatives to enhance resilience and response capabilities.

Following the earthquakes, the government formulated the Fundamental Construction Byelaws on Settlement Development, Urban Planning and Building Construction, 2015 to promote seismic risk-resilient urban development. Likewise, based on a rigorous planning exercise, Kathmandu Valley Development Authority has prepared risk-sensitive land use plans (RSLUPs) for all municipalities in the valley. The National Building Code NBC: 206 Architectural Design Requirements and National Building Code NBC: 105 Seismic Design of Buildings in Nepal were also updated in 2020, to increase seismic resilience of the structure.

The development and implementation of risk assessment tools and early warning systems to foresee and address climate-related risks should be the primary focus of the urban agenda. This involves monitoring and predicting extreme weather events, setting up emergency response systems, and building awareness of urban inhabitants about potential risks. As a result of climate change, Nepal is currently witnessing unpredictable rainfall patterns, a rise in the frequency of extreme weather events, and glacier melting. In order to cope with the increasing intensity and impact of hazards, amplified by climate change, it requires adaptive strategies and long-term planning, with adequate financing, which present a new challenge for disaster risk reduction efforts.

Reducing Air Pollution

In Nepal, air pollution is an important environmental issue, especially in urban areas like the Kathmandu Valley. Vehicle emissions, industrial operations, open garbage burning, indoor cooking and heating habits, as well as dust and particulate matter from building sites and unpaved roads, are the main causes of air pollution in Nepal. The Environment Performance Index (EPI) released at the Economic Forum put Nepal in 178th position among 180 countries in Air Quality (Wolf, Emerson, Estyde Sherbinin, Wendling, et al, 2022).

Constitution of Nepal ensures individuals with fundamental right to live in a clean and healthy environment. The 16th Periodic Plan has prioritised pollution control programmes for healthier society.

The government has released the Kathmandu Valley Air Quality Management Action Plan-2020. The plan recognizes the need to minimize air pollution released from the transportation, industrial, and construction sectors, as well as ineffective waste management. It addresses both indoor and outdoor air pollution and emphasizes the significance of raising awareness. It suggests an air quality management decision support system and potential frameworks for policy and law.

The National Climate Change Policy 2019 promotes low emission technologies and adaptation programmes in settlement development plans, phasing out transport vehicles that have exceeded running period, reduction of emission in industry and transport, use of energy efficient technologies, and low carbon emission technologies in agriculture and animal husbandry sector.

The Environment-Friendly Vehicle and Transport Policy 2014 seek to lower emissions from the transportation sector, increase the percentage of electric vehicles to 20% by 2020, encourage the conversion of other regular vehicles to electric vehicles, and offer a subsidy programme for the promotion of electric and non-motorized vehicles. The policy seeks for advancing fuel quality requirements that are both progressive and affordable, as well as regulating vehicle emissions to ensure compliance with air quality standards. It also calls for a diversification of transportation practices and technologies toward electricity, hybrid vehicles, and natural gas.

Over the past few years, electric two and four wheelers have significantly increased in Nepal. According to the Electric Vehicle Association of Nepal (EVAN), there were 1,000 electric automobiles and 6,000 electric two-wheelers in Nepal in 2021 (MoFE, 2021). These numbers have increased exponentially. In FY 2024/25, Nepal imported 16,700 electric four wheelers as a result of the government's initiative to cut petroleum consumption, and tax incentives that have led the transition to electric automobiles.

At the provincial level, Bagmati province has promulgated Public Electric Taxi service standard, operation and management related Standards, 2078. Likewise, increase in electric public buses and e-rickshaw is gradually contributing to green mobility.

The distinctive geographical and meteorological features of Nepal exacerbate the problem of air pollution. Mountains and valleys trap pollutants, creating pollution hotspots where they are present. Temperature inversions during the winter months worsen pollution by keeping pollutants close to the ground. It's crucial to comprehend and take into account these geographic and meteorological aspects when creating successful air pollution management techniques.

V. Effective Implementation of the New Urban Agenda in Nepal

Mainstreaming Sustainable and Inclusive Urban and Territorial Planning

NUDS 2017 has adopted 'sustainability' as one of the five key principles to guide urban development in the country. The NUDS envisions a balanced urban system, that promotes resilient, environmentally responsive and inclusive development pathway with strong urban-rural linkages.

The National Urban Policy 2024 further sets the vision of managed, inclusive and prosperous cities through an integrated urban planning approach that ensures access to resilient infrastructure.

The urbanisation pattern in Nepal is evolving with the federal structure, where the number of municipalities increased from 58 to 293 in 2017 and the increase in population living in these municipalities from 17% in 2011 to 66% in the 2021 Census. (NSO 2023) Nepal ¹

Noting the actual urban population is lower, with most of the municipalities still in rural landscape, the government of Nepal applied Degree of Urbanisation methodology to derive the level of urbanisation in Nepal as 27% urban 40% peri-urban and 33% rural.

Based on the analysis, the imbalance in the distribution of urban population both among provinces and ecological regions is evident. Sudurpaschim province has lowest level of urbanisation with 13.1 %, whereas Bagmati has 56.2%

Likewise, Tarai that holds less than 20% of land coverage holds 39% of urban and 85% of peri-urban population. The level of urbanisation is relatively small in Inner Tarai (23.9%) and Tarai (21.8%), yet these regions show a large peri-urban population (30.8% and 69.7% respectively). The Hill and Mountain zones show a limited urbanisation level at 17 % and 11.6 % respectively, with both zones also showing limited peri-urban populations. (NSO, 2023)

In the last decades, internal migration has played critical role in population shift from rural to urban and hills/mountains to Tarai region for better economic opportunities and administrative services. The declining population of 32 districts in hills and mountain regions demands actions to control the population shift that makes infrastructure inadequate in Tarai and redundant in Hills. The Hill accounts for the largest volume of migrants (1,057,100), followed by the Tarai (881,261), and the Mountain (56,635) regions.

The current initiatives to manage rapid urbanisation of major towns are largely guided by NUDS, 2017. It aims to address regional disparities through territorial planning approaches, de-concentrate economic activities outside Kathmandu Valley and major cities, and direct growth towards number of selected secondary towns or growth points, integrating urban growth with the development of the surrounding rural areas. The aim is to foster interdependence and synergy and develop growth points over time in rapidly developing regions, to curb migration.

¹ Municipalities are designated urban areas (cities and towns) meeting minimum criteria related to

Some key activities in mainstreaming urban and territorial planning include:

- “Secondary Cities” development programmes/ projects such as the Urban Environment Improvement Project (UEIP), Secondary Towns Urban Environment Improvement Project (STUEIP), Integrated Urban Development Project (IUDP), Regional Urban Development Project (RUDP), Nepal Urban Governance and Development Improvement Project (NUGIP), and Urban Resilience and Livability Improvement Project (ULRIP).
- The New Town Development Project along mid-hill highway to counter migration from hills to Tarai and to Kathmandu and Pokhara. It intended to create new cities of moderate size (population of 100,000) along the mid hill highway and Postal Highway.
- 20-Year Strategic Development Master Plan of Kathmandu Valley, 2015 – 2035 with strengthened Kathmandu Valley Development Authority (KVDA) for coordinated urban growth management in Kathmandu Valley
- Mainstreaming urban development in municipalities through preparation and implementation of Periodic Plans, and Municipal Transport Master Plan (MTMP) and Integrated Urban Development Plan (IUDP).
- Urban Corridor Project (2019/20-2027/28) based on the concept of regional economic and urban development that aims to build shared infrastructures, and connectivity for economic vitality, by setting up functional boundaries covering hinterlands and urban centres within an hour’s drive from major cities in the corridor.

Provincial Level

Some of the examples supporting activities to manage urbanisation in the provinces are:

Koshi Province: Urban Corridors- Infrastructure development and investment along Biratnagar-Itahari-Duhabi-Dharan corridor, and Mechinagar-Damak-Itahari-Inaruwa corridor (PPC, 2018).

Madhesh Province: Mirchaiya, Maulapur and Chandrapur have been proposed as smart city. Smart cities are built under the new city development project (PPPC, 2019b).

Bagmati Province: Hetauda Smart city project in Padampokhari envisions sustainable, energy-efficient apartments and independent residential housing catered to people of all income brackets (PPPC, 2018).

Gandaki Province: To promote and maintain balanced development within the region, eight growth axes are planned for development in the east-west and north-south transportation routes (PPPC, 2019a).

Lumbini Province: Through land pooling and plotting as well as developing satellite cities adjacent to big cities Lumbini Province has planned to systematically develop satellite and smart cities in each district (PPC, 2018). Province governments have also started to solidify their role in planned urbanisation. Lumbini Province, for example, is developing a new provincial capital city by applying the concept of land pooling.

Karnali Province: The provincial government has designated Rakam and Chaurjahari, located along the cross-section of the Karnali and Bheri corridor and mid-hill highways, as mega cities, and major growth centres (KPPC, 2018).

Sudurpaschim Province: Matardi and Kolti in the Bajura district have been identified as a potential site for development of smart cities in the province. It aims to create a

comprehensive framework for new urban cities, which includes emerging cities in the Tarai, Hilly, and Mountain regions, to ensure a balanced pattern of city development (PPPC, 2022a).

Urbanisation is a global trend and Nepal is no exception. However, it comes with complex challenges due to socio-economic and environmental factors coupled with unpredictable migration patterns and uneven distribution of the urban population. Investment in various infrastructure projects should integrate inter-urban economic linkages, strategies to develop key sectors for local economic base, and rural-urban linkages. Thus, creating local job opportunities and providing decent employment for youth is essential to retain population in small and intermediate towns and municipalities.

The resource constraints and inadequate investment in the urban sector is highlighted by NUDS, 2017. However, a lack of technical capacity at the local level to adopt urban planning approaches in guiding development investments remains a major challenge in achieving sustainable urban development. The municipalities have mandates and responsibilities for formulation and implementation of planning byelaws, building permit system, risk-sensitive land use planning, and integrated urban development plans, but are constrained by limited human resources and technical capacities. Hence, the ad-hoc investments are practiced, which are fragmented and have resulted in heavy investment mainly in physical infrastructure and particularly on road construction.

The New Urban Agenda aims at achieving desired urbanisation levels for the balanced distribution of population in towns and cities across ecological and development regions by increasing financing in urban infrastructure and services. This will include exploring creative ways to increase the internal revenue of the local bodies.

The New Urban Agenda also seeks to address the challenges of managing urbanisation across new federal states as envisioned by the new Constitution. With federal states coming into existence accompanied by three tiers of governments – Federal, Provincial, and Local, there will be notable change in the current trend and nature of urbanisation with the emergence of provincial capitals and towns. Local governments will be more powerful than before. Managing rapid urbanisation through urban and territorial planning will require clearly defining roles and responsibilities, ensuring adequate resources for local governments, and strengthening their relationships with federal and provincial governments, as well as inter-city relationships. There is huge pressure on Terai towns and that needs more investment in infrastructure and services to keep population productive and environmentally clean and conserved.

Building Local Capacity on Urban Planning and Management

The Constitution of Nepal 2015 has empowered the municipalities as one of the three tiers of the government. The Local Government Operation Act 2017 has further defined the roles and responsibilities of local governments to oversee and manage municipal affairs including urban issues. It empowers the local government to administer their own internal administrative structures, to adapt them to local needs, to ensure effective management, and to recruit and retain high quality staff.

The Intergovernmental Fiscal Arrangement Act, 2017 provides a legal basis for local governments to levy and recover tax and non-tax revenues following the local laws, collect

chargeable penalty and fine, and can impose tax without contravening national economic policies, transportation of goods and services, capital and labour market, and the neighbouring state. The local governments receive four types of federal grants and are also entitled to 15% revenue collected from value added tax (VAT) and excise duties and up to 25% of the royalties generated from natural resources. The act has also made the provision for local levels to obtain internal loans within the limits as recommended by the National Natural Resources and Fiscal Commission (NNFRC). The local governments determined the size of their budget based on these transfers.

The Public Procurement Regulations (Eighth Amendment), 2019 Rule 97 allows the procurement of construction work with a costing of a maximum Rs 10 million, which can utilise the local capacity, resources, and can be completed at local level, through a project users' committee. Similarly, the Local Level Plan and Budget Formulation Guideline, 2017 includes provisions and procedures for project monitoring and evaluation. These include regular monitoring, the formation of Local Developmental Problem Solution Committee chaired by Mayor/Chairperson of municipality and other committees for supervision and evaluation, with authority to prepare tailored guidelines for monitoring and evaluation.

The Federation, Province, and Local Level (Coordination and Inter-relation) Act, 2020 provides the legal basis for providing coordination and inter-government relations between federation, province, and local level for strengthening the multiparty competitive federal democratic system of governance based on pluralism.

Municipalities are required to prepare and implement building and planning byelaws, enforce building code, prepare medium-term Periodic Plans covering various development themes, and Municipal Transport Master Plan (MTMPs), among others.

To strengthen the local governments in addressing urban management and undertaking an urban planning approach for sustainable development, they should be enabled to build a reliable and strong own resource revenue (OSR) base. The key challenge is increasing OSR and reducing dependency on central grants, rationalizing the intergovernmental fiscal transfer and the revenue sharing with the central government for increased municipal financing.

Mobilizing different streams of financing should be a priority that includes private sectors and loans, through government's mechanism of Town Development Fund (TDF) or Multi-lateral Banks and IFIs, including climate financing. In 2021, borrowing only accounted for 0.85% of total local (municipal) budget, highlighting the untapped potential. The planned TDF's reform into Urban Infrastructure Development Corporation (UIDC) is expected to support municipality capital financing.

Besides improving fiscal federalism, the priority should equally be on technical human resources and managerial capacity of the municipalities in undertaking evidence based and data supported urban planning process to reinforce urban governance and develop integrated plans that help in deriving development projects, including efficient monitoring. The Government's support through Nepal Urban Governance and Infrastructure Project (NUGIP) from 2020 is one such initiative to support strengthening local capacities.

Likewise, institutionalizing e-governance in municipalities is becoming necessary to deliver services in an efficient and transparent manner. The importance of IT infrastructure cannot be overstated in a country like Nepal with difficult and complicated terrains. An example of technology integrated municipal service is the electronic building permit system, similarly other services on tax collection and disaster management that require wider upscaling.

SDG Localization and E-governance practice at Suryodaya Municipality

Suryodaya municipality in Illam has developed an interactive dashboard (DATUM – data-driven analysis, transformation, and unified mapping) [<https://suryodaya.dmaps.org/sdg-page>] to track and monitor the progress towards SDG 2030 targets. Most of the municipal services are available online. E-governance has been highly prioritized to maintain transparency and accountability. GIS based spatial mapping ecosystem has been developed to make the governance system robust and further actions have been planned to link census and tax data with spatial data.

As suggested in the New Urban Agenda, the focus is on finding innovative ways to increase municipal OSR based on equitable tax- and non-tax revenues and mobilizing potential revenue sources for increased urban financing, including building technical and managerial capacities of the local governments.

Between the local and the national government, the role of provincial government is critical for bringing regional coordination and oversight. Provincial governments have also established dedicated Infrastructure Development Authority and the Planning Commissions, and with cities emerging as growth corridors, clustering through shared infrastructure and developing as the provincial capital with added roles and responsibilities, this requires a new lens to reorganize the urban planning and management approach, building institutional capacities and coherence to take forward development through the spatial and territorial planning.

Improving Urban Legislation

With the Constitution promulgated in 2015, followed by the federal restructuring with three tiers of the government with distinct roles and mandates, various national sectoral policies have been reviewed and aligned with the governance structure to respond to the extant needs. The sectoral policies that are directly contributing to the implementation of the New Urban Agenda, by providing the legal base, are the key achievements in the past decade, that provide thrust to effective implementation.

- The Local Government Operation Act, 2017 forms the legal basis for local governance, replacing Local Self- governance Act, 1999 integrating municipalities (nagarpalika) and rural municipalities (gaunpalika). Besides the Local Government Operation Act, 2017, local bodies function as per, Local Body (Financial Administration) Rules, 2007, and other related rules and operational manuals. Declaration of new municipalities is a part of the government's strategy to set the stage for proper and timely management of urban growth in urbanising areas, noting that for such a strategy to work, urban legislation needs to be effective and efficient. The objective of legislation is to increase people's access to institutions and resources.
- The Planning Norms and Standards, 2015 facilitates urban designers, planners, and policy makers to identify and forecast essential infrastructure needed for urban areas and assist them to prepare urban plans and programmes, develop an understanding of urban form and land use and ensure the balance through the development and management of physical, social, and economic infrastructure services. It classifies urban areas into 5 classes or hierarchy, based on the population: metro city, sub-metro city, city, sub-city, and market centre. Likewise, the Build-Operate-Transfer (BOT) Policy, 2000 initiated the concept of public-private partnership for urban infrastructure development.
- Following the devastating earthquakes of April/May 2015, the Fundamental Construction Byelaws on Settlement Development, Urban Planning and Building Construction, 2015 were formulated to promote seismic risk resilient urban development. The Nepal National

Building Code (NBC), 1994 was revised to increase seismic resilience of the building in Nepal and was approved in 2020.

- The Right to Housing Act (2018) aligns with the Constitution that ensures adequate, socio-culturally appropriate, resilient and safe housing to all, in accordance with the Constitution of Nepal. It highlights roles of the provincial and local governments to make provision of easy access of the citizens to housing.
- The Land Use Policy 2015 aims to make optimum use of land through classification into different zones and also sub-zoning in the urban areas for contributing to well facilitated and safe human settlement. It is supported by Land Use Act, 2019 that provides legal framework for the implementation of the Policy and mandates different land use plans for rural and urban sectors, and delineates national level economic corridors, special economic zones, national projects, disaster prone areas, social institutions, cultural heritage and religious areas, environmentally sensitive areas, and security sensitive areas. The Act is supported by the regulation 2024 (second amendment) and Guideline 2024, for implementation at the sub-national levels (both provincial and local).
- Water, Sanitation, and Hygiene (WASH) policy 2023 aims to ensure universal and equitable access to safe drinking water and sanitation services in Nepal. It is prepared to execute WASH Act 2022 and further supported by WASH Regulation 2025, for effective implementation at three tiers of the government.
- The National Climate Change Policy (NCCP) 2019, aims to lessen the risks and impacts of climate change, and improve community resilience with distinct roles of the three tiers of the government. The policy envisions developing resilient societies to support the nation's socio-economic prosperity by integrating climate responsive programmes in development sectors. Especially in the urban and rural sectors, the policy aims to develop rural and urban areas for secured, sustainable, and resilient settlement and infrastructure through land-use planning.
- The National Urban Development Strategy 2017 is the key document that provides tangible actions and strategies to attain the Vision 2031 of 'Balanced and Prosperous National Urban System'. With four key sectors and four implementation means, the NUDS, aims to improve the urban system, through strategies that include strengthening urban-rural linkages; upgrading inter and intra-provincial/regional road connectivity standards; facilitating small towns in realizing their comparative advantages; and creating infrastructure for "smart" towns in priority locations. The NUDS is guided by the principle of green, inclusive, resilient, efficient, and sustainable urban development.
- The National Urban Policy 2024 is the key legislation that provides legal base for implementation of the NUDS and its contextualization in the federal structure. The Policy aims to achieve managed, inclusive and prosperous cities through integrated urban development approach supported by enforcement of the regulations. The policy primarily focuses on strengthening the national urban system, ensuring access to resilient urban infrastructure through effective resource mobilization and governance, built on inter regional and inter government coordination and collaboration.

The devolution of mandate and authority is yet to be complemented by adequately capacitated systems and structure in place at the sub-national level. Thus, the key priority and the challenge is to ensure effective implementation of the policies and regulations that strengthen federalism, with capacitated sub-national governments, thereby contributing to sustainable urban development.

VI. Strategic Way Forward

Effective implementation of the New Urban Agenda (NUA) in Nepal's federal system requires clearly defined roles and responsibilities across federal, provincial, and local governments, coupled with strong coordination and cooperation mechanisms. Local governments, as empowered entities, are the primary drivers of NUA localization, adapting its principles to the specific characteristics, challenges, and opportunities of their provinces and municipalities. This entails addressing unique patterns of urbanisation, population trends, infrastructure demands, and environmental considerations, while ensuring governance remains participatory, inclusive, and transparent.

Urban Governance Structure

Federal Framework and Legal Foundations

Since the promulgation of the Constitution, 2015, and the Local Government Operation Act, 2017, the roles and responsibilities of all levels of government have been redefined the roles and responsibilities of all levels of government, marking a paradigm shift in Nepal's urban policy framework. These reforms emphasize the growing importance of urbanisation in the national development process. The restructuring and the bottom-up planning process—as spelled out in the Constitution of Nepal, LGOA 2017, Intergovernmental Fiscal Transfer Management Act, 2017, and the Local Level Annual Planning and Budget Formulation Directive, 2017—will be the key factors in improving the quality of urbanisation.

(The constitution mandates the federal government to conduct elections for the provincial and municipal councils every five years. Furthermore, the constitution also reserves one-third of the seats for women and proportional-based participation of marginalised communities, backward communities. PDPs, and others.)

The constitution mandates the municipalities to constitute municipal assemblies in all cities and towns who have the authority to make laws enumerated in the lists contained in schedule- 8 and schedule-9 of the constitution.

With the responsibilities and powers devolved deeper into the ward levels—the smallest unit of federal structure—the local government has the key responsibility of implementing the New Urban Agenda, while the federal and provincial governments play key roles in monitoring the progress of the New Urban Agenda.

Fiscal Autonomy and Revenue Generation

Reinforcing the local governments is key for stronger financial management to increase their revenue by exercising their authority to collect various taxes and fees within their jurisdiction, including property and land taxes, business taxes, parking charges, and service fees, etc. Revenues from natural resource use must be shared with affected communities, and local communities with prioritization for investment opportunities. These fiscal powers enable local governments to mobilize resources for urban development in alignment with NUA priorities.

Urban Governance Reform and Key Initiatives

Strengthening municipal governance requires enhancing transparency, accountability, and efficiency, supported by administrative and budgetary decentralisation. This includes building the capacity of municipal institutions—such as elected bodies, administrative divisions, and service departments—through targeted training and professional development. Equally important is reinforcing participatory process to ensure meaningful and regular interaction between municipalities and citizens in decision-making processes.

Several reform measures are in place to restructure the urban governance framework. These include: i) the introduction of an e-governance system; ii) the establishment of provincial-level offices of the Department of Local Infrastructure (DoLI); and iii) mechanisms to ensure the participation of marginalized and underrepresented groups—including women, Dalits, persons with disabilities, ethnic minorities, youth, children, senior citizens, and LGBTQ+ communities—in the prioritisation and selection of projects and programmes at the settlement level. This is carried out as part of the seven-step planning process for developing the Local Development Periodic Plan, which emphasizes the active involvement of communities, government, and civil society stakeholders. Their engagement is particularly critical in municipal assemblies for prioritising projects and allocating budgets. Moreover, initiatives will be taken to establish a technical department in all municipalities including urban planners, architects, and engineers to manage staff and resources needed for urban planning and implementation.

Participatory Planning Mechanism

Public engagement is vital for effective urban governance. Mechanisms such as public forums, citizen feedback systems, and participatory budgeting processes foster inclusive decision-making. The Public private partnership (PPP) policy, 2015, mandates the necessity of techno-economic and market feasibility as deciding factors for local level PPP projects and eases out on the necessity of specific prioritisation at local levels. The Government of Nepal under the Investment Board Act, 2010 (Act 7) institutionalised an Investment Board to create “an investment friendly environment for mobilising and managing Public-Private Partnership, co-operative, domestic and foreign private investment required for the development of infrastructure and other sectors.” The TDF’s role will be elaborated and enhanced to finance the social infrastructure and revenue generating projects and help alleviate economic and social poverty in urban sectors.

Managing Urbanisation

Policy Framework and Institutional Developments

Since 2015, the urban sector in Nepal has advanced significantly through the key reforms and initiatives including, the Constitution of Nepal, LGOA, 2017, NUDS, 2017, Right to the Housing Act, 2018, Integration of Department of Local Infrastructure (DoLI) under MoUD. The 15th Periodic Plan (2019/20-2023/24) further increased investment in the urban sector. Despite these advances, the urban sector continues to suffer from low levels of service delivery, structural problems, inadequate availability of resources and lack of capacity at all levels of government.

Planning Approaches and Land Use Strategies

NUDS 2017 envisions a balanced and prosperous urban system at both national and sub-national levels. Urban and territorial planning are positioned as key tools to guide growth and address prevailing challenges. Land use planning strategies aim to:

- Promote efficient use of land and natural resources
- Ensure adequate population density, connectivity, and mixed land use
- Prevent urban sprawl and reduce mobility needs
- Lower per capita service delivery costs
- Enhance agglomeration economies

To implement these strategies, municipalities are required to develop zoning plans incorporating three categories:

- Urban areas: designed to share urban amenities and services with the rural population as well and help conserve resources of the outlying areas.
- Urbanizing areas: Zones designated for deliberate, sustainable urbanisation are planned and implemented
- Conservation areas: Areas with rural characteristics to provide the necessary ecosystem services for the entire municipality.

This zoning system facilitates spatial organisation and ensures resources are aligned with strategic development goals.

Urban Typologies and Regional Development Models

Emphasis should be on strategic policy interventions that consider spatial and ecological diversity, with particular focus on:

- Peri-urban/urbanizing areas,
- Rural pockets within municipalities, and
- Emerging urban centers within Gaunpalikas.

The growth potential of such settlement systems to be monitored to develop regional plan based on geographical conditions, economic prosperity, tourism potential, and identity and archaeological features, for instance, Dhankuta municipality has potential to be developed as 'City of Avocado', with direct market linkage with Biratnagar metropolitan. Some other initiatives based on integrated urban and territorial planning are concepts of utility corridor, new settlements, modern cities and economic corridors along the national highways or nodal centres and places with industrial and commercial activities as polycentric and integrated regions as highlighted in NUDS, 2017. These urban-rural, inter-city or inter-settlement connectivity will help develop the city clusters fostering self-reliant economic regions.

Implementation Strategies

At the federal level, the Ministry of Urban Development (MoUD) is implementing a wide range of urban-related programmes and projects, including inner denser urban development, new town development, local infrastructure improvement, and river and settlement improvement initiatives such as the Bagmati Improvement Project and the Dhobikhola Corridor Improvement Programme.

Planned Urban Economic Corridor Development Initiatives in all seven provinces will create opportunities for direct investment through the mobilisation of the private sector, public-private partnership, intergovernmental partnership, and cooperatives for integrated urban infrastructure

services. Each provincial capital will be developed using context-specific plans and standards that reflect the province's identity. Under the 'value capture' concept, the increase in land value resulting from infrastructure development can be partially redirected to fund future urban projects.

Enhancing Means of Implementation

Mobilisation of Financial Resources and Capacity Building are considered as two major means and instruments of effective implementation. Strengthening these areas will enable all levels of government to plan, finance, and deliver sustainable urban development in an inclusive and coordinated manner.

Financial Resource Mobilisation

The constitution provides key revenue-raising headings to the local government, protected under LGOA-2017. The local level collects local tax (property tax, house rent tax, house land registration fee, vehicle tax), service charge, advertisement tax, business tax, land tax, entertainment tax and others. Currently, local governments can generate only about one-third of their internal revenue through taxation and fees for services. Their principal financial source is fiscal transfers (equalisation, conditional, complementary/ matching, and special grants) from the federal government to sub-national level. Other sources of revenue mobilisation of the sub-nationals are grants; internal loans; loans from the federal government; and foreign grants and assistance for the plan or programme to be implemented by them. The scope of the local government will give the local government autonomy in certain sectors and control the fiscal resources. Improved urban tax systems will be supported by effective delivery of urban services.

Annex 9 of the constitution has specified 15 common rights of central, provincial, and local governments. They are as follows: cooperatives; education; sports; newspaper; health; agriculture; electricity; drinking water; irrigation; fees and service charges; royalties from natural resources; tourism fees; forestry; environment; social security; disaster management; poverty alleviation, etc. The overlapping sectors will provide the opportunity for collaboration as all levels of government ensure the holistic approach of the urban-related projects. The local government will be a key implementer, whereas the federal and provincial governments will act as facilitators and moderators if the project crosses the local boundary/jurisdiction.

The Local Government Operation Act-2074 ensures the fiscal rights of local governments as recommended by the National Natural Resources and Fiscal commission (NNFRC). The 15th Plan also aims at making the intergovernmental fiscal transfer transparent, predictable, and fair, with the financial interconnectivity among the three tiers. This will further enhance the possibility of partnerships.

To decentralise the revenue collection system, a 'revenue sharing' provision has been created in FY 2018/19 based on the criteria enshrined in the National Natural Resources and Fiscal Commission Act 2017 and Intergovernmental Fiscal Management Act 2017. The province and local governments receive equal percent from the revenue collected in the form of VAT and Excise duty levied on internal production. The subnational units receive 15 percent of the value-added tax (VAT) and excise duty on domestic production. The subnational units also get 25 percent of the royalties from natural resources- mountaineering, forestry, electricity generation and mining.

Public private partnerships (PPP) will be extensively used as a means of financing. Innovative forms of PPP with community development should be used as a means of mobilising resources and financing urban projects. There are four financial intermediaries currently in Nepal: Government direct funding to municipalities; ADB, World Bank and AIIB through different ministries and TDF. The Nepal Rastra Bank (NRB), in coordination with the Government of Nepal, has introduced a number of policy models for enhancing financial inclusion in the country. These included the Grameen Bank Model, the Wholesale Microfinance Model, the Directed Lending Model, the Project-Based Micro Credit Model, the FINGOs Model and the Cooperative Model (Pant, 2016). Such models will be key for PPP and also the formulation and implementation of the projects from various financial intermediaries following decentralisation and divestment.

Partnership frameworks should build on trust, and transparency; capacity building; clear roles of different partners; mobilisation and management resources such as money, persons, materials owned by the community, business, and the government.

Nepal's recent experience has shown that the gap in the resources could be managed by exploring all the possible sources, including donors. Regarding foreign aid and loans, the subnational entities cannot take any kind of foreign grant or assistance or implement any plan or programme with foreign grant or assistance without the prior approval of the federal government. In the case of internal loans too, they must obtain the consent of the federal government.

Capacity Development

The capacity development is important at all tiers of the government to plan, implement, manage, monitor, and evaluate urban development projects, based on urban and land use planning. Capacity building is also required on legal land-based revenue, financing tools, and promoting capacity development programmes of sub-national and local governments. One of the expected outcomes of the NUA is that all municipalities will have the fiscal, technical, and planning capacity to carry out planned development for sustainable urbanisation. Cities will be able to expand opportunities for city-to-city cooperation and foster exchanges of urban solutions and mutual learning, strengthen the capacity of all levels of government to work with vulnerable groups to participate effectively in decision-making about urban and territorial development. Knowledge management activities will encourage utilising academic expertise and know-how for implementation and monitoring. Key platforms for capacity building and networking:

- The Local Development Training Academy has been established and running training in a planned manner for the persons involved in local bodies with a view to enhancing the administrative and managerial competency of the local bodies related to local development works. Currently, there are 8 training centres under four categories: Rural Development (5), Women Development (2), and Urban Development (1). The Training centres have been training and will train urban planners and officials at different government levels. The updating and strengthening of the training centres shall produce more manpower.
- The Municipal Association of Nepal (MuAN) was established in 1994, as an umbrella organisation representing entire municipalities of Nepal, aims to safeguard the common interests of municipalities through advocacy and lobbying, networking, and advisory support to municipalities. The MuAN is affiliated with like-minded institutions across the world and shares information, knowledge on urban issues with international and bi-lateral agencies. Its focus is in areas of the capacity development of newly created and existing old municipalities through knowledge sharing and technical expertise. The MuAN has started Provincial Municipal Learning Centre with four folded objectives: to conduct training programmes for elected representatives and staffs of municipalities concerning municipal management and good

governance; to provide advisory services to neighbouring municipalities on municipal management; to facilitate forum for discussion and exchange of view and ideas on municipal issues and good practices; to develop a municipal information system and made accessible to all surrounding municipalities.

- The Land Management Training Centre (LMTC), under the Ministry of Land Management, Cooperatives and Poverty Alleviation, was established in 1968 that produces human resources and enhances capacity of the government personnel in the field of Surveying and mapping, land management since its establishment. The Centre has already produced more than 7,000 land professionals at different levels through various types of training courses.
- Similarly, the Public Finance Management Training Centre conducts training to make the employees working in the field of public finance efficient and competent, conducting interactions, seminars and workshops on current issues related to public finance and conducting studies and research in the field of public finance. The Training Centre has published assistant level in service and officer level in-service training manuals for financial administration targeted for officers and assistants of administration areas of state, provincial and local levels.
- The Centre for Financial management under Nepal Administrative Staff College provides financial planning and management training both in public and private sectors, including NGOs/CBOs in Nepal.

Information and Communication Technology (ICT)

Information and Communication Technology (ICT) will be integrated into the governance and service delivery to transpire the concept of smart cities. For this, a programme for proper and complete use of ICT in almost all the local government agencies has been initiated as a national campaign, backed up by financial assistance to make all the necessary hardware available and technical assistance for adequate training and orientation programmes.

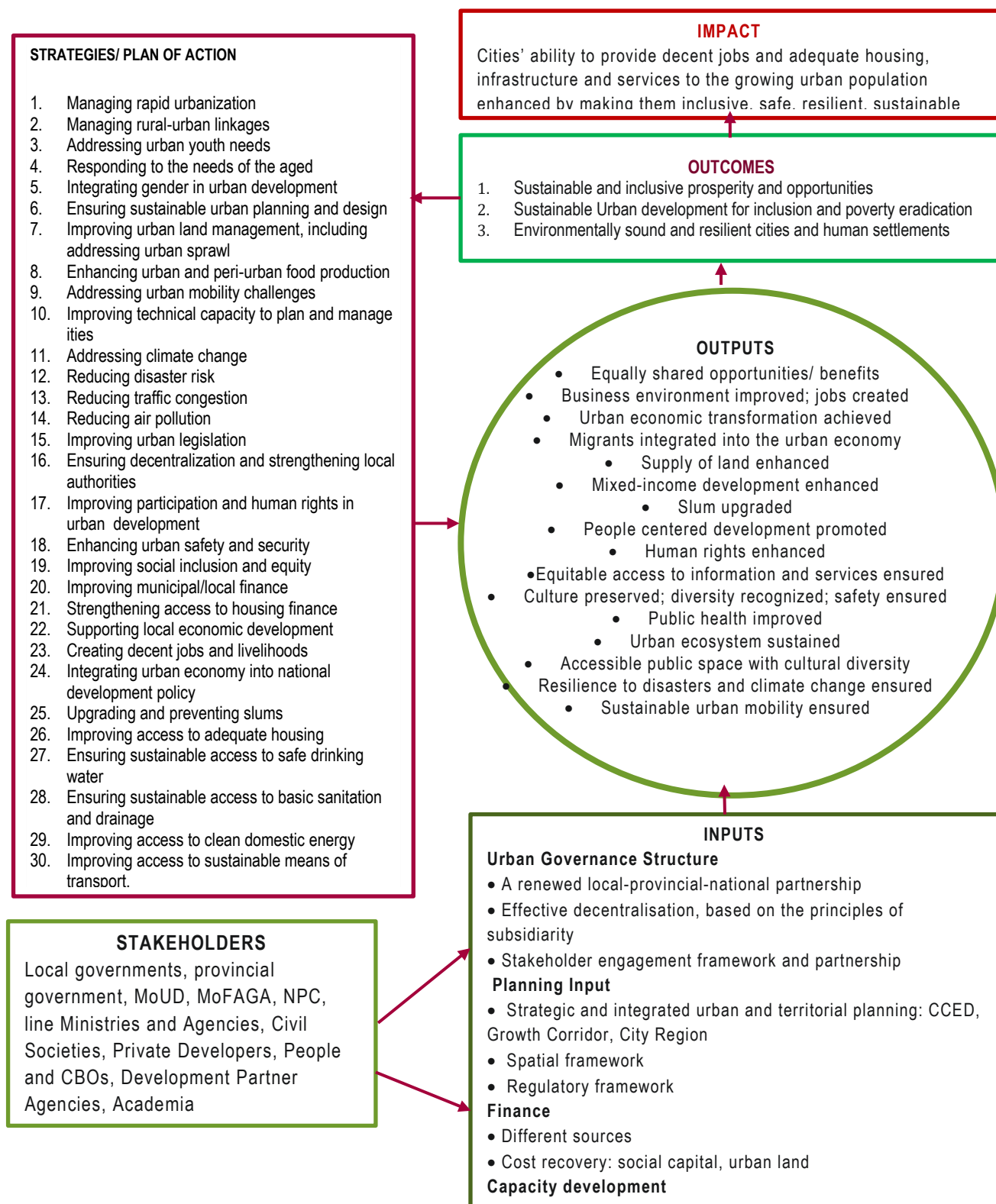
- Nepal has already promulgated IT Policy 2015. The vision of IT Policy is to transform Nepal into an information and knowledge-based society and economy. One of the strategies is to further streamline obligations for licensed ICT service providers concerning universal access/service goals and Quality of Service (QoS), while ensuring cost-effective connectivity to ICT services such as the Internet, E-Commerce, and E-Government services. The strategy will be a point of departure for an effective implementation and tracking of Plan of Actions highlighted by this report.
- Similarly, the National Broadband Policy announced in 2016 puts forth a framework for stimulating broadband access and availability across the country. Among others, the policy emphasis that has been placed on effectively leveraging Universal Service Access Funds as a means of bridging digital divide will provide a strong mechanism for expanding broadband access to communities beyond urban areas if implemented effectively. This will be particularly beneficial for considering the urban system and rural-urban linkages as highlighted by NUDS, 2017.
- Nepal has also initiated Digital Nepal Framework 2019. One of the sectors that the Digital Nepal Framework has emphasised is urban infrastructure sector. The Government of Nepal has already initiated some digital foundations- digital signature, optical fibre networking, different types of IT, virtual private network, Nepal vital registration, cyber security, and data centre. Yet, there have been few initiatives related to urban infrastructure- CCTV surveillance for road traffic monitoring, smart cards in public transport, socio-economic atlas and electronic-Building Permit system.

- Nepal has also initiated Government Integrated Office Management System (GMIS) that will enable the government agencies to issue orders (Tok Aadesh) and comment decisions (Tippani decision), entry and exit registries of letters, approve leave and necessary official tasks (Kaaj), attendance records management, etc. through electronic means. Government agencies can use a digital signature to process above mentioned tasks via this system. This will speed up the implementation process that requires intersectoral and agency collaborations across multi-level governments. Similarly, G Cloud has been started to share infrastructure including hardware and software to operate IT systems developed by government agencies in a holistic approach and thus will be helpful to track the progress made.
- The Government has also promulgated Government Enterprise Architecture (GEA) to maintain uniformity and standardisation of the information technology systems used in government's internal operations and service delivery, to arrange that the information and services of one government agency in such a structure that can be accessed and used by the information technology system of other government agencies as needed. Consequently, it has developed an Integrated Website Management System with the main objective of maintaining uniformity among the websites of all government agencies.
- The Government has developed the integrated mobile application, which is used for all 753 local levels, including services provided to local citizens. This mobile app is developed in such a way that it can uniquely identify each local level among all local levels and thus could play a key role in maintaining good governance at the local level. Also, the government has launched an e-village programme to raise the level of life and economic development of the rural areas through the rapid development of the information and communication technology to minimise the growth of digital divide between city and rural area. Till now 36 districts have E-village centres.
- The Department of Information Technology has developed this monitoring system to enter the progress of policies and programmes, budget speech and annual programmes of the Ministry of Communication and Information Technology and all agencies under it through a single portal/system every month and to monitor through the Ministry.
- Nepal has launched Integrated IT Service Centre to provide citizens with the following Government Services facilities directly to the Internet via E-Services that ranges from Government e-services, to education, health, agriculture, tourism, local production services.

All these initiatives in terms of ICT empowerment will be utilised for the effective implementation of the NUA implementation. Through these platforms, service needs to be delivered in a prompt and smart way and in doing so, any risks and threats perceived by any co-worker will be shared collectively. All the governmental organisations entities will be transformed to coherent and cohesive business-like enterprises and any fragmentation in any level of governance structure should be avoided with political determination. The agenda will facilitate through these platforms to interpret the overall legislation in place to enhance their long-term interest without compromising the social good.

Follow Up and Review of the New Urban Agenda

1. For effective implementation, it is necessary to develop Indicators for Performance Monitoring. The Results chain will help to develop the performance indicators to track different levels or results. Yet the experience also highlighted that those performance indicators are contextual. Most importantly, the data collection has not been uniform at different levels of government, especially with the introduction of the Provincial level, and the renewed power of the local levels.
2. The real implementation of the New Urban Agenda is mainly taking place at the local level, above all through the planning and building process. The federal government's role is to create tools and good opportunities for sustainable development in cities and communities. The addition of the provincial government created extra facilitation and support in case such initiations cross local government jurisdictions into regional context. The role of the provincial government is to reduce the federal government's involvement in local and regional matters and provide full attention to national level policies and strategies that will provide the platforms for the provincial and local levels to act, for instance the NUA.
3. For the New Urban Agenda to be implemented effectively and for its objectives to be attained, there must be follow-up and review. In the federalization framework, the municipal, provincial, and federal governments all play important roles in contributing to the national urban monitoring systems to track progress on the implementation of the New Urban Agenda based on the already created indicators.
4. One key challenge is that municipalities or provinces have not fully adopted the NUA, as many of the decisions made at the local and provincial levels are based on the political decisions, yet these selections could be made in terms of what actions were taken and if these actions are also addressing the NUAs.
5. A rigorous participatory exercise is recommended as many of the initiatives have already been placed, and for the best utilisation of such platforms. There appears to be a lack of information regarding those initiatives where the NUA could be shared among and thus result in ineffective collaboration. Partnership Formation among authorities, sectors and spaces leading to integrated and collaborative action on sustainable and inclusive urban development should be considered as an appropriate strategy to implement NUA, and these initiatives could be the point of departure where the NUA's Plan of Actions could be linked to.
6. Sound monitoring systems should be put in place for a transparent and participatory data collection and management, as well as open access to data through these platforms, which is crucial for informed decision-making, including the appropriate allocation of opportunities and equal and fair distribution of resources in relation to actions identified.



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