Nepal
Kathmandu Valley Urban Policy Dialogue
Advisory Notes on Metropolitan Planning and Management and Urban Regeneration

June 2013

SASDU
SOUTH ASIA
Standard Disclaimer:

This volume is a product of the staff of the International Bank for Reconstruction and Development/ The World Bank. The findings, interpretations, and conclusions expressed in this paper do not necessarily reflect the views of the Executive Directors of The World Bank or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of The World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

Copyright Statement:

The material in this publication is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. The International Bank for Reconstruction and Development/ The World Bank encourages dissemination of its work and will normally grant permission to reproduce portions of the work promptly.

For permission to photocopy or reprint any part of this work, please send a request with complete information to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, USA, telephone 978-750-8400, fax 978-750-4470, http://www.copyright.com/.

All other queries on rights and licenses, including subsidiary rights, should be addressed to the Office of the Publisher, The World Bank, 1818 H Street NW, Washington, DC 20433, USA, fax 202-522-2422, e-mail pubrights@worldbank.org.
Nepal Kathmandu Valley Urban Policy Dialogue

Metropolitan Planning & Management in the Kathmandu Valley
Advisory Note & Action Plan

Urban Regeneration of the Historic City Cores of the Kathmandu Valley
Advisory Note & Action Plan

Summary of Focus Group Discussions in Prayag Pokhari and Jhyapato

Initial Documentation & Description of Two Heritage Routes in Lalitput

June 2013
KATHMANDU VALLEY URBAN POLICY DIALOGUE
TECHNICAL ASSISTANCE

METROPOLITAN PLANNING AND MANAGEMENT
IN THE KATHMANDU VALLEY
ADVISORY NOTE AND ACTION PLAN

June 2013
South Asia Urban Unit
Due to haphazard and unplanned urbanization, the Kathmandu Valley faces critical threats that deserve immediate policy attention. The Kathmandu Valley metropolitan region faces an imminent crisis in infrastructure and services, has the highest earthquake risk and among the worst air quality in the world.

The recently formed Ministry of Urban Development (MoUD) and Kathmandu Valley Development Authority (KVDA) provide an opportunity to move to action to address these critical threats. These recent institutional changes show that a crisis often provides an opportunity for dialogue and change out of necessity. Together, these institutions can move forward to address the valley’s critical threats.

But the challenges for improved metropolitan planning and management are complex, encompassing a spatially fragmented and asymmetric local governance structure, with no elected local governments; institutional fragmentation, inadequate coordination and limited local capacity; outdated plans and planning techniques, and inadequate enforcement; and inadequate financing and financial instruments for infrastructure and service delivery.

The policy directions proposed in the advisory note, and discussed with the stakeholders over the course of the technical assistance, take into account the imperative of moving to action, and the agreed incremental approach to improved metropolitan planning and management. The following immediate, medium-term and long-term strategies have been discussed and agreed with stakeholders:

(i) The immediate strategy: start the dialogue on metropolitan planning and management with the local authorities;
(ii) The medium-term transitional strategy: take incremental steps to improve metropolitan planning and management;
(iii) The long-term strategy: initiate a process of institutional change for improved metropolitan planning and management.
ACKNOWLEDGEMENTS

This note has been prepared by a team comprising Elisa Muzzini, Senior Economist in the South Asia Urban and Water Unit of the World Bank/Task Team Leader), Silva Shrestha (Water & Sanitation Specialist), Pawan Lohani (Consultant/Municipal finance), Anil Pokhrel (Disaster Risk Management Specialist), Sonam Velani (Disaster Risk Management Analyst), Tara Lonnberg (Consultant/Institutions) and a team of experts including David Dowall (International Development Advisor and Professor Emeritus of Planning, University of Berkeley), Edward Leman (Consultant/urban planning), and Rajivan Krishnaswamy (Consultant/municipal finance). The advisory note benefited from the Global Lab Knowledge exchange on metropolitan planning organized by the World Bank Institute (WBI) and the World Bank Urban Anchor in collaboration with the South Asia Urban & Water Unit. The Technical Assistance benefited from support from the World Bank – AusAID Infrastructure for Growth Trust Fund.

The advisory note builds on consultations with a broad range of central agencies and local governments, service delivery agencies, NGOs, private sector, the academia and professionals conducted in January and April, 2013; a sector study on the competitiveness of the Kathmandu Valley Metropolitan Region conducted by the World Bank in 2012; and the World Bank’s ‘Urban Growth and Spatial Transition in Nepal’ study completed in 2012. The team would like to extend special thanks to the Ministry of Urban Development (MoUD), the Ministry of Federal Affairs and Local Development (MoFALD), the Ministry of Physical Infrastructure and Transport, the Ministry of Home Affairs, the Kathmandu Valley Development Authority (KVDA), the Kathmandu Valley Water and Sewerage Board (KVWSB), and the High-Powered Commission for the Bagmati Civilization for their collaborative efforts to support the note.
TABLE OF CONTENTS

EXECUTIVE SUMMARY ............................................................................................................................................. 4
I. INTRODUCTION .......................................................................................................................................................... 9
II. THE CRITICAL THREATS POSED BY RAPID, HAPAZHARD URBAN GROWTH IN THE KATHMANDU VALLEY .................................................................................................................................................. 10
III. OPPORTUNITIES AND CHALLENGES FOR METROPOLITAN PLANNING AND MANAGEMENT .................................................................................................................................................. 12
   III.I The Opportunities ............................................................................................................................................... 12
   III.II The Challenges ............................................................................................................................................... 14
IV. POLICY DIRECTIONS ................................................................................................................................................... 23
   A. The Immediate Strategy – Start the Dialogue on Metropolitan Management and Planning with the Local Authorities ......................................................................................................................................... 24
   B. The Medium-term Transitional Strategy – Take Incremental Steps to Improve Metropolitan Planning and Management ...................................................................................................................................... 28
   C. The Long-term Strategy – Initiate a Process of Institutional Change for Improved Metropolitan Planning and Management ............................................................................................................. 32
V. IMPLEMENTATION ROADMAP FOR IMPROVED METROPOLITAN PLANNING AND MANAGEMENT .................................................................................................................................................. 34

Annexes

Annex 1: Models of Metropolitan Management – The International Experience ............................................ 37

Tables

Table 1: Summary of Examples, Criteria and Models ......................................................................................... 42

Boxes

Box 1: The Functions and Governance Structure of the KVDA .............................................................................. 13
Box 2: The 2020 Kathmandu Valley Long-term Development Plan ........................................................................ 20
Box 3: Metropolitan Partnerships – The International Experience ........................................................................ 28
Box 4: Geospatial Data and Open Source Tools for Planning: An International Perspective.......................... 30
Box 5: Metropolitan Initiative for the Regeneration of the Kathmandu Valley ..................................................... 31

Maps

Map 1: Kathmandu Valley, Population Growth 1991-2001 ..................................................................................... 16
Map 2: Kathmandu Valley, Population Growth 2001-2011 ..................................................................................... 17
EXECUTIVE SUMMARY

The Kathmandu Valley has not been able to seize the benefits of agglomeration forces due to haphazard and unplanned urbanization.

The rapid growth of the valley, if well managed, provides an opportunity for agglomeration economies to arise at the metropolitan scale. The Kathmandu Valley is one of the fastest-growing metropolitan regions in Asia. With a population of 2.5 million, it is the first region in Nepal to face urbanization at a metropolitan scale. And it is one of the fastest growing metropolitan regions in South Asia, with annual population growth of 4 percent in the core urban area, and 5-6 percent in peri-urban areas, based on 2001 and 2011 population census data.

A number of threats have, however, been borne of this rapid and unmanaged urbanization. The largely unplanned and unmanaged development has left the Kathmandu Valley with major shortages in infrastructure and services, high vulnerability to earthquakes and one of the worst air qualities of any urban agglomeration in the world.

Urbanization has led to the decay of historic neighborhoods in the city cores and haphazard urban expansion at the fringe. The loss of unique cultural assets in the city cores has negatively affected tourism revenues – a key economic driver in the valley – with a decline in tourists’ visitation time and daily tourist expenditure (from US$ 65 in 2009 to US$ 40 in 2011).

The valley now faces an imminent crisis in infrastructure and services. Piped water supply meets less than half of the total demand. Solid waste is often disposed on riverbanks and in open dumps, and the Sisdol landfill site is currently at capacity. The Kathmandu Valley does not have a public transportation system. Citizens rely on private and largely unregulated small bus companies. Load shedding is routine in the valley.

Un-managed urbanization has increased vulnerability to seismic risk. The Kathmandu Valley is the urban area facing the highest earthquake risk in the world. An earthquake occurs every 50-70 years on average; the valley is overdue for a large seismic event. It is expected that 1 in 20 people would be killed, 1 in 7 would be hospitalized, and 1 out of every 2 people would be homeless as 60 percent of all buildings are projected to be heavily damaged. These estimates are widely viewed as underestimating the actual risk.

And air quality in the Kathmandu Valley is among the worst in the world. The main sources of pollution are vehicle emissions, emissions of re-suspended dust from poorly maintained and uncleaned roads and the brick sector. About 1,600 premature deaths per year in the valley are expected to occur due to the exposure of the population to PM10; about 1-8 people in 100,000 are expected to suffer from leukemia due to benzene exposure; and about 16-32 people in 100,000 are expected to suffer from lung cancer due to PAH exposure.
Opportunities have opened up for improving metropolitan planning and management in the Kathmandu Valley.

Recent institutional and legislative trends and actions signal a renewed policy attention by the Government of Nepal to the Kathmandu Valley metropolitan area. A dedicated Ministry for Urban Development (MoUD) and a metropolitan agency for the Kathmandu Valley, the Kathmandu Valley Development Authority (KVDA), were established in 2012. The recent institutional changes respond to the need for strengthening central oversight and metropolitan-level planning and management in the Kathmandu Valley.

The formal adoption of the KVDA Regulations in March 2012 has empowered the KVDA to assume its mandate and responsibilities. As per the KVDA Act of 1988, the agency is granted authority for planning, development, enforcement of regulations and coordination over the five urban local bodies and 99 small rural local bodies (Village Development Committees [VDCs]) comprising the metropolitan area.¹ The enactment of the Regulations of 2012 empowered the KVDA to take on its functions. The regulations, however, do not reaffirm the KVDA’s broader authority for metropolitan management and coordination, as stipulated in the KVDA Act.

An important initiative led by the newly established Ministry is the preparation of the first national urban strategy. Building on the Nepal Urban Policy of 2007, the national urban strategy is the signature initiative of the new ministry. It would provide timely policy directions to respond to the challenges of rapid urbanization in Nepal, fostering the resilient and sustainable growth of urban regions and enhancing the competitiveness of the Kathmandu Valley.

The Kathmandu Valley faces complex challenges for improved metropolitan planning and management, encompassing local governance, urban management, planning, and sustainable financing of infrastructure and service delivery.

The Kathmandu Valley metropolitan region has a spatially fragmented and asymmetric local governance structure, with no elected local governments. The Kathmandu Valley has one-tier fragmented governance structure comprising five urban local bodies and 99 rural local bodies (VDCs), of which nearly half are classified as urbanizing, in suburban and outer areas.² An equally important challenge is the very limited spatial territory of individual local government units, in particular the VDCs. The highly asymmetric local governance structure, dominated by the Kathmandu Metropolitan City, has created an imbalance in financial and human resources, and technical capacity across the local bodies. The lack of elected local representatives is a challenge for local governance, but recent political events herald a return to local elected governance in Nepal by April 2014.

Overlapping mandates and duplication of functions among levels of government, and limited local capacity, are a challenge for metropolitan management. Coordination among central agencies remains a challenge given the institutional fragmentation, but the recent creation of a

¹ There are 16 VDCs in Bhaktapur District, 57 in Kathmandu District and 26 in Lalitpur District.
² The five urban local bodies are the Kathmandu Metropolitan City (population of 1,007,000), Kirtipur Municipality (67,000), Lalitpur Sub-metropolitan City (223,000), Bhaktapur Municipality (84,000) and Madhyapur Thimi Municipality (84,000)
dedicated line ministry presents an opportunity for strengthening central oversight in the Kathmandu Valley. The division of functional responsibilities between the KVDA and local governments needs however clarification, as the KVDA’s broad mandate can potentially overlap with those of local bodies in several areas. Urban management capacities of local governments are limited, and their mandates are under-funded.

Plans and planning techniques are outdated, and enforcement inadequate. There is no updated metropolitan strategy and plan to guide urban development in the valley. The 2020 Kathmandu Valley Long Term Development Plan of 2002 lacks necessary implementation and financing plans. Data and technological tools to support the planning process at the metropolitan scale are inadequate. Plans and regulations at the local levels are outdated and largely ad hoc. Local plans are not framed within an overall strategic context. Building bye-laws are similarly not being enforced.

Financing and financing instruments for infrastructure and service delivery are inadequate. The spatial distribution of capital expenditure for municipal infrastructure is biased against Kathmandu Metropolitan City, where the needs are the highest. Sustainable financing for metropolitan infrastructure is a challenge given the over-reliance on central funds, and the limited scope for cost sharing by the local governments and users. Land pooling, the dominant instrument used to self-finance infrastructure in the valley, is a lengthy and complex process yielding limited resources relative to the time invested.

Immediate, medium-term, and long-term strategies have been identified for strengthening metropolitan planning and management, taking into account the imperative of moving to action, and the agreed incremental approach.

A. The immediate strategy
START THE DIALOGUE ON METROPOLITAN MANAGEMENT AND PLANNING WITH THE LOCAL AUTHORITIES

A.1 Clarify the hierarchy of roles and responsibilities for metropolitan planning and management. There is the need to start a dialogue on metropolitan management and planning needs to clarify roles and responsibilities at central, metropolitan and local levels within the existing governance structure. The MoUD is expected to have central oversight, high-level policy-making and technical support functions; the KVDA will take on responsibilities as the metropolitan planning agency, regulatory agency, apex body for metropolitan coordination, and promoter of strategic land development and infrastructure projects; and local authorities will retain responsibility for local planning, service delivery and urban management functions.

A.2 Agree on metropolitan initiatives that the KVDA can champion to show tangible and quick results. The following three strategic entry points were agreed during the consultations: (a) prepare a Kathmandu Valley development strategy and structure plan, and establish an open repository of metropolitan geospatial data and information; (b) launch a metropolitan initiative to regenerate the historic city cores of the Kathmandu Valley; and (c) launch a metropolitan
initiative to increase resilience to natural disasters. The consultations also identified interest from stakeholders for discussing as part of the initial phase of stakeholder dialogue the development of important metropolitan initiatives on solid waste management, air quality and transportation. These three areas require enhanced coordination at the metropolitan level.

B. The medium-term transitional strategy
TAKE INCREMENTAL STEPS TO IMPROVE METROPOLITAN PLANNING AND MANAGEMENT

B.1 Update the 2020 Kathmandu Valley Long Term Development Plan, and establish an open repository of metropolitan geospatial data and information. It is recommended that the plan be developed as a strategic and structural plan, rather than a master plan. Particular attention would need to be paid to plan for urban expansion at the fringe, while protecting high-productivity agricultural land and open spaces and steering development away from hazard prone areas.

B.2 Develop a road map and implement a metropolitan initiative for the regeneration of the historic cores of the Kathmandu Valley. Urban regeneration goes beyond physical upgrading to include economic revitalization, disaster risk management, livable housing, protection of cultural heritage and community strengthening. Consensus was reached as part of the consultations on the following key conditions for the success of the urban regeneration strategy: (i) an integrated approach to upgrading the urban fabric; (ii) a partnership between the government and the private sector; (iii) involvement of local communities; and (iv) strong institutional coordination mechanisms among stakeholders at metropolitan level.

B.3 Develop and implement a metropolitan initiative to improve resilience to natural disasters. The KVDA has an important role to play to mainstream disaster risk considerations into the metropolitan planning process and infrastructure investments; coordinate disaster risk management initiatives implemented by local authorities and central agencies; and manage technical assistance and capacity building for the local authorities on topics related to disaster risk reduction.

B.4 Develop and implement a metropolitan-level technical assistance program for local authorities for local infrastructure planning, financing and service delivery. Given the challenges of providing technical assistance in a highly fragmented governance structure, it is recommended that technical assistance be targeted where the needs are highest, such as urban local bodies and rapidly urbanizing rural local bodies (VDCs), in the initial phase.

B.5 Design appropriate incentive-based financing mechanisms to enhance metropolitan planning and management. Options include setting incentives to promote local planning efforts that are consistent with the metropolitan structure plan, and earmarked funds for the implementation of specific metropolitan initiatives.

3 Entry points were identified as part of the consultative process based on the following criteria: (a) urgency of interventions, and socio-economic benefits; (b) consensus among local authorities about priority activities, which can deliver quick and visible results on the ground; and (c) rationale for metropolitan-level interventions
4 A separate advisory note has been prepared to outline the policy directions and action plan for implementing the metropolitan urban regeneration initiative.
C. The long-term strategy

INITIATE A PROCESS OF INSTITUTIONAL CHANGE FOR IMPROVED METROPOLITAN PLANNING AND MANAGEMENT

C.1 Develop a process to guide institutional change for metropolitan planning and management. The process that will be used to structure metropolitan governance and management models is the critical success factor for institutional change. Ideally, this process should be undertaken after the local elections planned for 2014.

C.2 Evaluate models of metropolitan management and their strengths and weaknesses and applicability to the valley in the longer-term. Stakeholders need to be informed about alternative models and their applicability to Kathmandu. It is likely that a two-tiered consolidated governance structure would emerge as the preferred choice for the management of the Kathmandu Valley in the long-term, with an enhanced role for the central government in some strategic areas.
I. INTRODUCTION

This advisory note, prepared as part of the Kathmandu Valley Technical Assistance, summarizes the technical support provided to the recently established Ministry of Urban Development (MoUD) and the Kathmandu Valley Development Authority (KVDA) for improving metropolitan planning and management in the valley. The advisory note discusses the critical threats facing the Kathmandu Valley metropolitan region (KVMR), presents opportunities and challenges for improved metropolitan planning and management, and provides policy directions and an action plan to guide policy implementation by the central government, the MoUD, the KVDA, municipalities and Village Development Committees (VDCs) over the next two years.

Methodology. The advisory note builds on consultations with a broad range of central agencies and local governments, service delivery agencies, NGOs, private sector, the academia and professionals conducted in January and April, 2013; background studies on the KVMR’s competitiveness conducted by the World Bank in 2012; and the World Bank’s ‘Urban Growth and Spatial Transition in Nepal’ study completed in 2012. The advisory note also presents relevant, internationally based policy research on how other metropolitan areas have tackled problems similar to the Kathmandu Valley by reducing the negative effects of fragmentation and inefficient management. These examples will assist policy makers in assessing the suitability and applicability of the proposed policy directions in the Kathmandu Valley.

Outline. The advisory note is structured as follows:

- Section II discusses the critical threats posed by rapid, haphazard urban growth in the Kathmandu Valley.
- Section III presents the main opportunities and challenges for improved metropolitan planning and management.
- Section IV outlines a set of immediate, medium-term and long-term policy directions for identifying priorities, implementation arrangement and financing mechanisms for improving the valley’s metropolitan planning and management.
- Section V presents a road map for policy implementation.

The Annex presents relevant international experiences with metropolitan governance and management structures.

---

II. THE CRITICAL THREATS POSED BY RAPID, HAPAZHARD URBAN GROWTH IN THE KATHMANDU VALLEY

The Kathmandu Valley has not been able to fully seize the benefits of agglomeration forces associated with rapid urbanization. It faces critical threats that deserve immediate policy attention. Rapid and haphazard urbanization has led to the decay of historic neighborhoods in the city cores and unplanned urban expansion at the fringe. The Kathmandu Valley faces an imminent crisis in infrastructure and services, the highest earthquake risk and one of the worst air qualities of any urban agglomeration in the world.

The rapid growth of the valley, if well managed, provides an opportunity for agglomeration economies to arise at the metropolitan scale, with the associated benefits of higher private investments, and more and higher productivity jobs. With a population of 2.5 million, the Kathmandu Valley is the first region in Nepal to face the opportunities and challenges of urbanization at a metropolitan scale. The Kathmandu Valley is one of the fastest growing metropolitan regions in South Asia – with population growth to the order of 4 percent in the core, and 5 percent in the outskirts. The small and relatively compact metropolis of 1.6 million people in 2000 has mushroomed into a metropolitan region of 2.6 million residents based on 2011 population census data. However, the Kathmandu Valley has not been able to fully reap the benefits of urbanization, and the costs of unmanaged urbanization are high and growing.  

Rapid and haphazard urbanization has led to the decay of historic neighborhoods in the city cores and unplanned urban expansion at the fringe. Rapid and haphazard urbanization of the Kathmandu Valley over the last 15 years has led to the unprecedented consumption of suburban land, fragmentation and loss of agricultural land, degeneration of historic city cores and their environments, and inadequate infrastructure and services to accommodate rapidly growing urbanization. The loss of unique cultural assets in the city cores has negatively affected tourism revenues – a key economic driver in the valley. In spite of the increasing influx of tourists to Nepal since the end of the insurgency, tourists’ visitation time as well as their daily expenditure (from $65 in 2009 to $40 in 2011) is declining.

The rapidly expanding Kathmandu Valley faces an imminent crisis in infrastructure and services – water and sanitation, solid waste management, and transportation. Inadequate provision and quality of urban services has severely compromised the quality of life for urban residents, and affected productivity. The water sector faces an imminent crisis. The piped water supply meets less than half of the total demand, solid waste is often disposed on riverbanks and in open dumps, and the Sisdol landfill site is currently at capacity. The Kathmandu Valley does not have a public transportation system, with citizens relying on taxis or private and largely unregulated small bus companies. Load shedding is routine in the valley. Power outages average

---

6 Based on 2011 population census data.
68 hours per week (starting from February 27, 2012), in which there are 9 hours of power outages for three days, 10 hours for the next three days, and 11 hours for the seventh day.  

**Rapid and un-managed urbanization has increased vulnerability to seismic risk.** The Kathmandu Valley is the urban area facing the highest earthquake risk in the world, while Nepal is the 11th most at-risk country to earthquakes and the 30th most at-risk to floods and landslides. A loss estimation study was conducted as part of the Kathmandu Valley Earthquake Risk Management Project from 1997-1999. This study examined the potential damage scenario if the 1934 earthquake were to reoccur in the valley. The National Society for Earthquake Technology (NSET) revised the estimates in 2010, accounting for the area’s demographic changes. The new estimates suggest that 1 in 20 people will be killed and 1 in 7 will require hospitalization. One out of every 2 people is projected to be left homeless as 60 percent of all buildings are projected to be heavily damaged. In terms of damage to basic infrastructure, 50 percent of all bridges will be impassable, 95 percent of water pipes and 50 percent of water system components such as pumping stations and treatment plants will be severely damaged, and 40 percent of electricity lines and substations will not function. These estimates are widely viewed as underestimating the actual risk.

**Air quality in the Kathmandu Valley is among the worst in the world.** The Environment Performance Index (EPI) ranking 2012—by the Yale Centre for Environmental Law and Policy, Yale University and Centre for International Earth Science Information Network and Columbia University—has listed Nepal in the third to last position (the 130th) among 132 countries, in terms of air pollution impact on human health, only before India and Bangladesh. The main sources of pollution are vehicle emissions, emissions of re-suspended dust from poorly maintained and un-cleaned roads and the brick sector. About 1,600 premature deaths per year are expected to occur due to exposure of the Kathmandu Valley population to PM10; about 1-8 people in 100,000 are expected to suffer from leukemia due to benzene exposure; and about 16-32 people in 100,000 from lung cancer due to PAH exposure.

These threats call for immediate policy attention and actions to improve metropolitan planning and management. The following section discusses a number of positive steps that have been taken to improve metropolitan planning and management in the KVMR as a response to the critical threats that have been borne out of this rapid and unmanaged urbanization.

---

11 [http://epi.yale.edu/epi2012/countryprofiles](http://epi.yale.edu/epi2012/countryprofiles)
12 A recent study by the Swedish Environment Institute in 2009 found that: “Fine particulate matter (PM2.5), polycyclic aromatic hydrocarbons (PAH) and benzene are air pollutants of concern in Kathmandu Valley; concentrations of PM10 and PM2.5 exceed WHO guideline values by a factor of 2-10 indicating a serious risk for cardiovascular-respiratory diseases; the fraction of fine particles PM2.5 and PM1.0 (0.8-0.9) is large in PM10 indicating a high threat of PM-induced ailments.
III. OPPORTUNITIES AND CHALLENGES FOR METROPOLITAN PLANNING AND MANAGEMENT

The recent institutional and legislative developments, with the establishment of the MoUD and the KVDA, are positive steps to improve metropolitan planning and management in the valley. But the challenges ahead are complex, encompassing local governance, urban management, planning, infrastructure and service delivery and land development.

Opportunities have opened up for improving planning and management of the metropolitan region. There have been efforts to create an enabling environment to support urban development in the metropolitan area through institutional and policy changes. However, complex challenges remain related to the local governance structure and institutional settings. And efforts to advance metropolitan planning and management in the valley are additionally up against constrained local capacity, poor enforcement of planning and regulation, and inadequate infrastructure financing instruments.

III.I The Opportunities

The urban agenda in Nepal has received renewed policy attention recently. A crisis often provides an opportunity for dialogue and change out of necessity, as the recent institutional developments in the Nepal urban sector demonstrate. A dedicated ministry for urban development and a metropolitan agency for the Kathmandu Valley, the KVDA, were established in 2012. The KVDA Act of December, 1988 entrusts the KVDA with broad authority for metropolitan planning and regulation, management and coordination, as well as land development in the metropolitan area. The establishment of the new ministry and the metropolitan agency has generated momentum for action, in spite of the continuous political instability. Together these institutions can move the agenda forward to address the critical threats facing the valley.

The recent institutional changes respond to the need for strengthening central oversight and metropolitan-level planning and management in the Kathmandu Valley. These high level actions also provide an opportunity for rethinking the role of central, metropolitan and local institutions to enhance the quality of life, competitiveness and effectiveness of service delivery in the Kathmandu Valley as the country moves toward a decentralized local governance structure. The establishment of the two dedicated urban institutions at the central and metropolitan levels also reflects the growing recognition among government officials of the economic importance of investing in urban areas.

The formal adoption of the KVDA Regulations in March 2012 has empowered the KVDA to assume its mandate and responsibilities. The KVDA is established as a multi-purpose metropolitan agency based on the KVDA Act of 1988, and the KVDA Regulations of 2012 (see Box 1 for a review of the functions and governance structure of the KVDA). The agency is granted authority for planning, development, enforcement of regulations and coordination over the five urban local bodies and 99 VDCs comprising the metropolitan area. The enactment of the Regulations of 2012 empowered the KVDA to take on its functions, and coincides with the

There are 16 VDCs in Bhaktapur District, 57 in Kathmandu District and 26 in Lalitpur District.
dissolution of the Kathmandu Valley Town Development Committee, which prepared the 2020 Kathmandu Valley Long-term Development Concept of 2002. The fact that the 1988 KVDA Act has not been officially ratified and gazetted, however, raises a number of legal ambiguities.

The regulations do not reaffirm the KVDA’s broader authority for metropolitan management and coordination, as stipulated in the KVDA Act. The KVDA Regulations of 2012 refer to Articles 29 and 29.1 of the 1988 Act allowing for the adoption of regulations to activate the powers of the KVDA. However, the Regulations are limited in its promulgation of KVDA activities to physical planning, enforcement of regulations and development and do not reaffirm broader authority for metropolitan coordination as stipulated in the 1988 KVDA Act. As discussed later in the advisory note, the Regulations also do not clarify the functions of the local bodies vis-à-vis the KVDA. Ambiguities and overlapping mandates may arise in the absence of regulations clarifying divisions of responsibilities across tiers of government to ensure that central, metropolitan and local planning complement each other. This calls for either the formal adoption of the 1988 KVDA Act or efforts to harmonize the 1988 KVDA Act with the 2012 KVDA Regulations.

The preparation of the national urban strategy provides an opportunity to develop timely policy directions to respond to the challenges of rapid urbanization in Nepal. An important initiative led by the newly established Ministry is the preparation of the first national urban strategy, building on the Nepal Urban Policy of 2007. As the signature initiative of the new ministry, the strategy is expected to advance the urban agenda in the country by setting the vision and directions for urban development based on concrete, time-bound and measurable urban development targets, and developing an investment and financing plan to support its operationalization. The strategy is also expected to provide the much needed framework for prioritizing the “where, what and how” of infrastructure investments in rapidly growing urban areas that are highly exposed to natural hazards. It would also clarify the roles and responsibilities of central and local governments in urban development, paying particular attention to the special challenges of metropolitan management in the Kathmandu Valley. The strategy also has the potential to influence the spatial dimension of the future federal structure of Nepal and the overall decentralization debate.

Box 1: The Functions and Governance Structure of the KVDA

The KVDA is established as an autonomous multi-purpose metropolitan agency, reporting to the MoUD, and entrusted with responsibilities for: (i) metropolitan planning; (ii) metropolitan coordination; (iii) land development; and (iv) enforcement of regulations in the valley. As per the 1988 KVDA Act, the KVDA is responsible for: (i) preparing and implementing a physical development plan for the Kathmandu Valley (section 5); (ii) regulating, controlling, banning development in the valley in line with the plan (section 8); (iii) demolishing constructions that are in violation of regulation (section 9); (iv) carrying out projects for the conservation and maintenance of cultural heritage (section 6.1.3); (v) regulating activities for the protection of the natural environment (section 8.1.4); (vi) formulating and implementing land development projects, including land pooling schemes, in line with the physical plan (section 10); and (vii) coordinating development in the valley (section 6.2). The KVDA has authority to mobilize funds to carry out its functions, including receiving grants from the central government and international organizations, as well as borrowing and generating income from the management of its own land and properties. The KVDA takes over the functions of the Kathmandu Valley Town Development Committee, which was dissolved with the passing of the KVDA Regulations of 2012.
Through its governance structure, the KVDA is empowered to coordinate and manage development in the valley. The KVDA is headed by a Development Commissioner appointed by the Government as the Executive Chief of the KVDA for a fixed term of 5 years, with possibility of extension for a second term. The Development Commissioner chairs the Board of Director, which is responsible for directing, managing and monitoring the operations of the KVDA under the supervision of the Kathmandu Valley Physical Development Board.

The Board of Director is headed by the Development Commissioner, and includes representatives from offices with responsibilities for implementing programs in the valley, such as the Department of Urban Development and Building Construction (DUDBC), the representatives/chairpersons from Kathmandu Metropolitan City, Lalitpur Sub-metropolitan City, and Bhaktapur Municipality, and three VDCs in the valley. The Board of Director meets at least every two months. The quorum of the meeting is 50 percent of the members, and decisions are taken by majority.

The Kathmandu Valley Physical Development Board is the policy-making and oversight body with responsibilities for: (i) approving the annual budget and the bye-laws of the authority; (ii) formulating policies for the preparation of the physical development plan; (iii) approving the plan; and (iv) monitoring implementation progress. The KVPDB comprises the Development Commissioner, Secretaries from relevant ministers, representatives/chairpersons from Kathmandu Metropolitan City, Lalitpur Sub-metropolitan City, and Bhaktapur Municipality, and the Commissioners of the three Districts in the valley (Kathmandu, Lalitpur and Bhaktapur).

### III.II The Challenges

*The challenges associated with local governance, urban management, planning, and sustainable financing for infrastructure and service delivery in the valley are complex.* The section provides an overview of the following critical challenges facing the valley:

A. A spatially fragmented and asymmetric local governance structure, with no elected local government officials.
B. Overlapping mandates and duplication of functions among levels of government, and limited local capacity.
C. Out-dated plans and planning techniques, and inadequate enforcement of plans.
D. Inadequate financing and financing instruments for infrastructure and service delivery.

A. A spatially fragmented and asymmetric local governance structure, with no elected local government officials

As in most metropolitan regions elsewhere in the world, the KVMR crosses multiple municipal boundaries. The KVMR, as defined in the 1988 KVDA Act, has a one-tier fragmented governance structure, comprising five urban local bodies and 99 rural local bodies (VDCs), of which nearly half are classified as urbanizing (see maps 1 and 2). The five urban local bodies are the Kathmandu Metropolitan City (population of 1,007,000), Kirtipur Municipality (67,000), Lalitpur Sub-metropolitan City (223,000), Bhaktapur Municipality (84,000) and Madhyapur
Thimi Municipality (84,000). The KVDA, as a multi-purpose metropolitan agency, has jurisdiction over the entire KVMR territory.

**Fragmentation of the nearly 100 VDCs in suburban and outer areas of the valley is a challenge for effective metropolitan management.** An equally important challenge is the very limited spatial territory of individual local government units, in particular the VDCs, which further compound the difficulties of planning metropolitan infrastructure and service delivery. The average area of the 104 local government units in the Valley is 69 km². Compared with many other metropolitan regions, the KVMR, relative to its population, has an extremely high number of local government units. For example, Metro Manila, the largest metropolitan area in the Philippines, has a population of about 12 million persons, subdivided in 11 local government units. The large number of geographically small local government units has created a highly fragmented system of local governance in the KVMR.

**Aside from spatial fragmentation, the Kathmandu Valley’s local governance structure is highly asymmetric in terms of population.** Kathmandu Metropolitan City contains 40 percent of the valley’s population, compared to 18.6 percent for the four other municipalities combined. This asymmetry is found in other metropolitan regions around the world—New York City’s population accounts for about 44 percent of the New York metropolitan area’s population. The asymmetry in the governance structure presents challenges for metropolitan management, given the associated imbalance in financial and human resources, and technical capacity across the local bodies.

**The KVDA Act provides mechanisms for coordinating among local authorities in the valley, but their effectiveness is yet to be tested.** A spatially fragmented local governance structure poses a major challenge for the effective regional coordination of development planning and service delivery. The KVDA Act of 1988, however, provides the metropolitan agency with the tools for coordination and management in a highly fragmented local governance structure. The 1988 KVDA Act calls for the KVDA’s Board of Directors to coordinate with the VDCs in the valley through three government-designated VDC Chairmen, as well as three appointed District Commissioners, which are part of the Kathmandu Valley Physical Development Board (see Box 1). The coordination mechanisms however, have not yet been tested, since the KVDA has not yet fully taken on its functions.

**The lack of elected local representatives is a challenge for local governance, but recent political events herald a return to local elected governance.** The last elections for local government were held in 1997. Since 2002, when the central government postponed local elections, District Commissioners, Municipal Chief Executives, and VDC Secretaries have all been civil servants appointed by the central government. Although many of them proactively engage with local communities, they lack the formal accountability of elected Councils and Development Committees. Recent political events herald a return to local elected governance in

---

14 Population based on 2011 census data.
15 United States Census Bureau, "Population Estimates: Metropolitan and Micropolitan Statistical Areas" and "Table GCT-PL2 - Population and Housing Occupancy Status: 2010 - United States -- Metropolitan Statistical Area; and for Puerto Rico".

Nepal: the 11-point Agreement signed by the four major parties on 14 March 2013 contained a commitment to holding local elections by April 2014.


Source: MoUD
B. Overlapping mandates and duplication of functions among levels of governments, and limited local capacity

*Overlapping mandates and duplication of functions pose significant challenges for metropolitan management.* Existing institutional arrangements split functional responsibilities for metropolitan management between the central government, metropolitan agencies and local governments, with insufficient coordination and oversight. To cite one example, the issuance of building permits is the responsibility of local bodies, with the exception of building permits for apartment complexes, which are issued by the Department of Urban Development and Building Construction (DUDBC). The issuing of building permits in often not done in compliance with the national building code. This further increases the vulnerability of the built environment in the Kathmandu Valley, and a seismic event would result in devastation across the area. The establishment of the KVDA created the institutional framework for strengthening oversight in a fragmented institutional environment, but the enforcement powers of the KVDA are weakened by the lack of clarity in the division of responsibilities among central, metropolitan and local levels, often resulting in overlapping mandates and duplication of functions.

*Coordination among central agencies remains a challenge, but the creation of a dedicated line ministry presents an opportunity for strengthening central oversight in the Kathmandu Valley.* At the central level, several departments within various ministries (the MoUD, the Ministry of Federal Affairs and Local Development [MoFALD], the Ministry of Physical Infrastructure and
Transport and the Ministry of Home Affairs) are involved not only in regulation and monitoring but also in the delivery of some metropolitan services, raising coordination challenges. The recent creation of a dedicated line ministry for urban development (MoUD) presents an opportunity for strengthening the central government’s engagement in metropolitan management in the Kathmandu Valley.

**One metropolitan agency and two single-purpose agencies have metropolitan-level responsibilities in the valley, but with jurisdictions over different geographical areas.** At the metropolitan level, there are three agencies engaged in the development of the valley, with different areas of jurisdiction: (a) the KVDA created in 2012 as a multi-purpose metropolitan agency with planning, enforcement, coordinating and land development authority; and two single-purpose agencies, (b) the Kathmandu Valley Water and Sewerage Board (KVWSB) as a metropolitan water supply and sanitation sector agency, and the (c) High-Powered Commission for the Bagmati Civilization as an environmental agency with a mandate to improve quality of water in the Bagmati river system and restore the fragile eco-system. The three agencies have jurisdiction over different geographic areas. The boundaries of the KVDA broadly coincide with the Kathmandu Valley watershed area (comprising the five urban local governments and 99 VDCs). However, the Kathmandu Valley building construction bye-laws for which the KVDA has enforcement authority do not apply to the entire valley, but only to the five urban local governments and the 45 urbanizing VDCs. Other VDCs not currently classified as urban are developing as rapidly and would benefit from enhanced building inspection. The boundaries of the KVWSB only include the five urban local governments and several adjacent VDCs.

**The division of functional responsibilities between the KVDA and local governments needs clarification.** The local governments exercise their functions as per the Local Self-Governance Act (LSGA) of 1999. Local bodies are required to plan their areas, including green zones, parks, and recreational areas, and ensure the delivery of local services. They also have extensive mandates on environmental protection and on cultural heritage. There are ambiguities in the functional responsibilities of the KVDA and local governments, particularly in urban planning and land development as prescribed in the KVDA Act of 1998 and the LSGA of 1999. The KVDA’s broad mandate can potentially overlap with those of local bodies in several areas, if the division of responsibilities between metropolitan and local levels is not clarified.

**Urban management capacities of local governments are limited, and their mandates are underfunded.** For example, solid waste management is problematic in all municipalities. Enforcement of development controls is uneven, leading to widespread sub-standard construction. The quality and currency of information on urban development and infrastructure is inadequate and are not consistent across local bodies. To cite one example, the KVDA has a total of 45-50 staff, but only 5 (6 if we count the director) have professional qualifications. While the KVDA has submitted an organization plan and staffing request to the Ministry of Finance, the plan has yet to be approved.

---

16 The KVDA Act was drafted in 1988 and the KDVA Regulations Act was enacted in 2012. The Local Governance Act was enacted in 1999.
There is no updated metropolitan strategy and plan to guide urban development in the valley. The 2020 Long Term Development Plan for the Kathmandu Valley prepared in 2002 failed in implementation, since it lacked necessary implementation and financing plans. It was not formally adopted by the Cabinet and published in the Nepali official register. Lack of enforcement and monitoring power at the central and metropolitan levels, political instability and the lack of democratically elected officials were among the factors that impeded implementation of the plan. Furthermore, there is no centralized data and information system in the Kathmandu Valley to support planning and investment decisions at the metropolitan scale. The lack of up-to-date information and open data sharing arrangements is particularly worrisome for disaster risk management, where reliance on updated information is critical for understanding and mitigating risk.

Plans and regulations at the local level are outdated and largely ad hoc. At the local level, statutory master plans have only been prepared for the Kathmandu Metropolitan City and Bhaktapur municipality; the Kathmandu Metropolitan City Plan has not been updated since 1985. Building bye-laws are similarly not being enforced, resulting in increased development in high-risk areas such as flood plains and surfaces prone to liquefaction, poor building construction practices, and encroachment around high value cultural heritage assets. Despite the lack of up-to-date plans and regulations, periodic investment plans and annual project plans are regularly being prepared by the local bodies. However, these investment and project plans are largely ad hoc as they are not based on a metropolitan or even local development strategy.

Local plans are not framed within an overall strategic context – e.g., considering how the plan will promote sustainable development, reduce traffic congestion, enhance resilience to natural hazards, improve air quality or promote economic prosperity. Even if plans were regularly updated and enforced, the current approach to urban planning within the valley would need to be enhanced to reflect best-practice approaches—including strategy assessments of strengths, weaknesses, opportunities and threats, visioning, formulation of development initiatives to leverage strengths and opportunities, and actions to overcome weaknesses and threats. The local authorities were not equipped with the tools to implement the 2020 Kathmandu Valley Long Term Development Plan. As the KVDA and local governments start the process of updating the 2020 plan, they have the opportunity to move toward more modern and effective planning paradigms, based on strategic and structure plans, to guide the development and regeneration of the valley.

Robust data and technological tools are underutilized in the planning process. The central, metropolitan, and local levels of government lack adequate access to data driven decision-making tools for managing urban planning and disaster risk at the metropolitan scale. There is a severe shortage of high-quality and robust information. In addition, common geo-spatial databases for managing and publishing layers of infrastructure data, including transportation, water, sanitation systems, and electricity infrastructure, are non-existent. There is a lack of data sharing policies and agreements that foster cooperation across the various line ministries. Information is also rarely made public, resulting in high transaction costs as available information is either replicated and/or under-utilized.
Box 2: The 2020 Kathmandu Valley Long-term Development Plan

The Kathmandu Valley Long-term Development Plan, the latest planning document prepared in 2002, conceptualizes scenarios for developing the Kathmandu Valley by 2020. It aims to: (a) de-concentrate economic investments and employment opportunities out of the valley, in particular polluting industries (such as carpet and brick factories), to promote the development the valley as a natural, historical, cultural, tourist destination and national capital region; and (b) delineate urban growth boundaries to control urban growth and limit capital investments to urban areas only. The boundaries of the urban areas were specified based on the boundaries of the existing towns (see map below), and land reserved for urban development was clearly demarcated based on criteria such as agriculture productivity. The plan also recommended the promotion of tourism, handicrafts and agro-processing as strategic economic sectors; the introduction of preventive measures to reduce fragmentation and loss of agricultural land, including agriculture zoning; the ban of construction works in the agricultural area; and the provision of relief and facilities to support farmers. The plan recommended prohibiting development in naturally risk prone areas such as seismically active areas, liquefaction zones, steep slopes, areas with risk of flood. In order to enforce implementation, the plan recommended curtailing annual budget and withholding fully or partly the grants of the governmental and semi-governmental agencies implementing programs contrary to the objectives of the plan.


D. Inadequate financing and financing instruments for infrastructure and service delivery

*Delivery of infrastructure services and their financing are major challenges in the KVMR.* There are urgent, unmet needs for critical metropolitan backbone infrastructure, including transport, water supply, wastewater management, and solid waste management. No matter in which economic sector, businesses cannot be competitive without water, electric power, and energy. The scarcity of these basic services in KVMR is a major impediment to both local and foreign direct investment in manufacturing, real estate, and services, including services to support tourism.
The spatial distribution of capital expenditure for municipal infrastructure is biased against Kathmandu Metropolitan City, where the needs are the highest. Public capital expenditure for municipal infrastructure, averaging US$9 per capita countrywide, is inadequate to meet the growing needs of urban areas in Nepal. Furthermore, the spatial distribution of capital expenditure for municipal infrastructure is biased against Kathmandu Metropolitan City—the city with the greatest infrastructure needs. On a per capita basis, municipalities benefit from a higher level of capital expenditure for municipal infrastructure than Kathmandu Metropolitan City and the sub-metropolitan cities. In fiscal year 2009-10, infrastructure capital expenditure averaged US$14.00 per capita in the 53 municipalities, compared with US$ 9.20 in Lalitpur Sub-metropolitan City and US$6 per capita in Kathmandu Metropolitan City. Block grants represent the main source of finance for infrastructure in Kathmandu Metropolitan City, and the bulk of project-funded infrastructure schemes are implemented directly by central or metropolitan agencies.17

Sustainable financing for metropolitan infrastructure is a challenge given the over-reliance on central funds, and the limited scope for cost sharing by the local governments and users. The bulk of investment funds from infrastructure investments in the water supply, wastewater management, solid waste management and transportation come from central agencies through transfers and donor funding. Metropolitan sectoral plans to guide the infrastructure development, however, either do not exist or are outdated. In addition, over-reliance on central funding raises issues of sustainability, given the need for recurrent financing of operations and maintenance of the completed infrastructure. Cost sharing by the local governments for metropolitan infrastructure through own-source revenues (e.g. property taxation) is limited due to their inadequate revenue bases. While the Kathmandu Valley has a long tradition in community contributions to local infrastructure, such as constructing and maintaining wells, there is no established culture of ‘user pay’ for urban services mostly due to the lack of citizens’ trust toward service providers.

Land pooling, the dominant instrument used to self-finance infrastructure in the valley, is a lengthy and complex process.18 The 2012 KVDA Regulations devote considerable attention to land pooling and guided land development. Discussions with KVDA staff reveal, however, that land pooling is very lengthy and yields have been minimal. It can take up to 10 years to complete a land pooling project, and in some cases, if the government is reluctant to use its powers of eminent domain, land development projects can be permanently stopped since participation is voluntary – land owners do not have to agree to participate in land consolidation, and discussions to persuade owners is very time consuming. The KVDA Regulations (Section 9) illustrate the difficulty of executing land pooling projects.19 The Regulations also reveal the government’s

---

18 UNCHS (2010) reports that land pooling and guided land development have accounted for only 10 percent of developed land over the last decade.
19 a) In case of KVDA planning to execute the land pooling project in project area or in case when people in the area provide written application to KVDA for land pooling project with consent of at least fifty one percent of the population living in the project area, KVDA can execute land pooling project, provided that it serves at least fifty families in the project area.
reluctance to compensate landowners in guided land development projects. As stipulated in section 8c, the Act states: “to execute guided land development projects, in case there is requirement of acquisition of land, the compensation cost will be borne by the beneficiaries of the project area (emphasis added).” For strategic infrastructure right of way access, the use of eminent domain with adequate and fair compensation would be far more efficient. While the KVDA Regulations stipulate that the KVDA can access funds from the Government of Nepal or indirectly from international donors, it is unclear whether the political environment supports compulsory acquisition.

Despite a number of positive steps, several complex challenges thus remain for improving metropolitan planning and management in the Kathmandu Valley. The following section presents a set of policy directions on how to address these challenges.

b) For land pooling project execution, as per sub-rule a, KVDA can form the user group committee of landowners and tenants for coordination and monitoring of the project, and KVDA will execute land pooling with coordination with that user group committee.

c) While executing the land pooling project, KVDA can restrict the fragmentation or physical change of the land within the project area for maximum of two years relying on the clause 7 of the Act.
IV. POLICY DIRECTIONS

Consultations with a variety of stakeholders conveyed the urgent need for action to address the critical threats facing the Kathmandu Valley. The common understanding that these critical threats require immediate action, should be the starting point for a structured dialogue among stakeholders. An incremental approach is thus proposed to address immediate challenges, while laying the foundation for strengthening the governance structure of the Kathmandu Valley in the longer-term.

There is significant scope for improving metropolitan planning and management within the existing governance structure of the valley, based on an incremental approach. The Kathmandu Valley has a one-tier fragmented local governance structure, with a multi-sector metropolitan agency (the KVDA) and two single-sector metropolitan bodies (the KVWSB and the Bagmati Commission) having jurisdiction over different geographical areas in the valley. Given the existing governance structure, an incremental approach to improved metropolitan planning and management would necessarily rely on voluntary cooperation, i.e. “metropolitan contracts” among local authorities, around concrete solutions to the challenges facing the valley, to be implemented under the coordination of KVDA and the oversight of MoUD.

The policy directions take into account the imperative of moving to action, and the agreed incremental approach to improved metropolitan planning and management. A phasing of the interventions is proposed to address immediate issues of strategic importance for the valley, while laying the foundation for strengthening the governance of the Kathmandu Valley in the longer-term. Immediate, medium-term and long-term policy directions were discussed with stakeholders and agreed with counterparts as follows:

A. The immediate strategy – Start the dialogue on metropolitan planning and management with local authorities.
   (A.1) Clarify and codify the hierarchy of roles and responsibilities for metropolitan planning and management.
   (A.2) Agree on metropolitan initiatives that KVDA can champion to show tangible and quick results.

B. The medium-term transitional strategy – Take incremental steps to improve metropolitan planning and management.
   (B.1) Update the 2020 Kathmandu Valley Long-term Development Plan and establish an open repository of metropolitan geospatial data and information.
   (B.2) Develop a road map and implement a metropolitan initiative for the regeneration of the Kathmandu Valley.
   (B.3) Develop and implement a metropolitan initiative to improve resilience to natural disasters.
   (B.4) Develop and implement a technical assistance program to local authorities for local infrastructure planning and financing and service delivery.
(B.5) Design appropriate incentive-based financing mechanisms to enhance metropolitan planning and management.

C. The long-term strategy – Initiate a process of institutional change for improved metropolitan planning and management in the Kathmandu Valley.

(C.1) Develop a process to guide institutional change for metropolitan planning and management.

(C.2) Evaluate models of metropolitan management and their strengths, weaknesses and applicability to the valley in the longer-term.

A. The Immediate Strategy – Start the Dialogue on Metropolitan Management and Planning with the Local Authorities

The recommended immediate step is to start a process of structured dialogue among stakeholders to: (A.1) clarify and codify the hierarchy of roles and responsibilities for metropolitan planning and management at the central, metropolitan and local levels, in line with the current governance structure of the valley; and (A.2) identify strategic entry points to move to implementation and show visible and quick results.

The dialogue with stakeholders and local authorities would be led by the KVDA, based on a collaborative approach. The existing institutional setting for metropolitan management provides the KVDA with the tools for leading a structured dialogue with the local authorities, even within the current fragmented local governance. As codified in the KVDA Act of 1988 and Regulations of 2012, the Kathmandu Valley Physical Development Board is expected to act as the principal liaison between the VDCs and the KVDA through the District Commissioners. In addition, the Board of Directors, which is expected to meet at least every two months, includes direct representation of 3 VDCs.

A.1 Clarify the hierarchy of roles and responsibilities for metropolitan planning and management

The roles and responsibilities for metropolitan planning and management of the central government, metropolitan agencies (KVDA, KVWSB and the Bagmati Commission) and local governments need to be clarified and aligned with the existing governance structure and legal framework (KVDA Act of 1988, LSGA of 1999 and KVDA Regulations of 2012) for the Kathmandu Valley.

Based on the stakeholder consultations over the course of the technical assistance, consensus was reached on the following: (a) KVDA needs to gradually take on its responsibilities in line with its mandate as well as the priorities emerging from the structured dialogue with the stakeholders; (b) given the high costs of the current lack of effective coordination in the valley, the KVDA needs to strengthen its role as a coordinating agency, providing clear directions to the local bodies; (c) in the short-to-medium term, the role of the central government will be critical to oversee the transitional arrangements, and provide technical support to the KVDA and the local bodies.
Proposed divisions of responsibilities among levels of governments in line with the existing institutional and legal framework would be as follows:

**MoUD: oversight, high-level policy-making and technical support agency.** The central government, through its dedicated ministry for urban development, MoUD, is expected to retain strong oversight powers over urban development in the Kathmandu Valley, given the strategic national importance of the metropolitan region and the current limited capacity of the KVDA. The central government would empower the MoUD to coordinate implementation of the national urban strategy under preparation and set broad policy directions and standards regarding urban development in the Kathmandu Valley. At the central level, MoUD would be the core oversight ministry for KVDA and local governments. The ministry would also serve as the focal point for technical assistance to the KVDA. In the short-to-medium term, it would also coordinate technical assistance and capacity building for the local bodies in the valley, until the KVDA has built the capacity to take over the function.

**The KVDA: metropolitan planning agency.** From a functional perspective, the KVDA would be the top-tier planning and management organization that sets out the broad spatial structure for the development of the Kathmandu Valley (as a structure plan, not a master plan). The objective would be to guide the municipalities and VDCs to plan for urban expansion, regenerate the historic city cores, support risk resilient construction and development in public and private investments, and promote more compact development in the urbanizing areas of the metropolitan region. This would include leading the process for the preparation of the structural plan for the valley. In conjunction with the planning function, KVDA should consider taking on the critical functions of geospatial data management in the valley, by creating a central repository and platform for data sharing among government agencies and local authorities for metropolitan planning and management, and promoting open data access policies for public engagement and transparent decision-making.

**The KVDA: metropolitan regulatory body.** There is unanimous consensus that the KVDA would need to strengthen its functions as a regulatory agency, with a focus on developing, updating and enforcing regulations for development in the valley. The local authorities do not have adequate capacity to enforce building codes and national bye-laws. While KVDA has the legal powers to regulate and enforce, it can only effectively exercise its functions if local authorities, government agencies and citizens validate the mandate and role of the KVDA as a regulatory body. Furthermore, command and control regulation is rarely effective if it is not accompanied by a system of rewards and penalties to incentivize implementation and enforcement by the local authorities, such as incentive-based financing mechanisms earmarked for specific metropolitan initiatives. As an immediate action, the Kathmandu Valley building bye-laws for which the KVDA has enforcement authority (currently limited to the five urban local governments and the 45 urbanizing VDCs) need to be updated and extended to the entire valley.

**The KVDA: promoter of strategic land development and infrastructure projects.** One of the functions of the KVDA is to carry out guided land development projects, including land pooling, and provide serviced land for development. Since its establishment, land pooling projects have absorbed much of the scarce technical and financial resources of the metropolitan agency. If the trend continues, there is the risk that the KVDA, established as a metropolitan agency, would
become a land development agency, losing sight of the strategic valley-wide functions a metropolitan agency should perform. A more effective use of KVDA’s limited resources would be to focus on catalyzing and leveraging private sector investments for land and infrastructure development projects of strategic importance for the Kathmandu Valley, and delegating powers for implementation of small land pooling projects to the competent local authorities, based on transparent criteria. It is also recommended that the functions of the KVDA as a land developer be clearly spelled out to avoid possible conflicts of interest between KVDA’s planning and development functions, that KVDA technical and financial resources be allocated in line with agreed priorities, and that it is ensured that land development by public agencies leverage, rather than stifle, private sector development in the longer-term. Experience in other South Asian countries (e.g. Sri Lanka and Bangladesh) indicate that urban development agencies tend to crowd out, rather than leverage, private sector investments if the role of the public and private sectors are not clearly defined.

**The KVDA: apex body for metropolitan coordination.** KVDA’s role should extend beyond planning, development and regulation as stipulated in the 2012 KVDA Regulations. The KVDA is expected to evolve to become the apex body for coordination in the Kathmandu Valley and also provide local governments with the latitude to carry out initiatives and projects that contribute to the sustainable development of the valley. There are several critical areas that warrant stronger coordination at the metropolitan level based on the principle of subsidiarity because of externalities, economies of scales and cost savings, including, but not necessarily limited to the following:

- The regeneration of the historic city cores, and the planning for sustainable and resilient expansion in peri-urban areas;
- Air quality management, public transit and transportation systems management;
- The upgrading of housing in regularized areas;
- The implementation of risk assessments and the prioritization of investments and interventions to reduce disaster risks at the metropolitan level;
- Long-term planning to secure adequate supply of potable water and develop sewage collection and treatment facilities in coordination with the KVWSB and the Bagmati Commission;
- Enhancement of solid waste management collection, transportation, processing and safe disposal.

**The local authorities: local planning, service delivery and urban management functions.** Any approach to metropolitan management needs to balance the need for central coordination with local autonomy to be effective and sustainable. The establishment of the KVDA is expected to enable local authorities to carry out their functions. Local authorities would continue performing local planning, service delivery and urban management functions in their jurisdictions as per the LSGA of 1999. Core responsibilities will include preparing and implementing local plans, issuing building permits and collecting revenues such as property taxes.
A.2 Agree on metropolitan initiatives that KVDA can champion to show tangible and quick results

The consultations highlighted the urgency of identifying entry points for metropolitan planning and management based on a collaborative process. This calls for finding pragmatic and negotiated solutions around concrete issues, which can form the basis for voluntary metropolitan partnerships or initiatives between the KVDA and local authorities. In many countries, voluntary cooperation arrangements based on negotiated “metropolitan contracts” are becoming more prevalent as a tool to improve metropolitan planning and management (see Box 3).

Working group discussions were held to identify metropolitan initiatives that could be championed by the KVDA, in line with its mandate and functions, based on the following criteria: (a) urgency of interventions, and socio-economic benefits; (b) consensus among local authorities about priority activities, which can deliver quick and visible results on the ground; (c) rationale for metropolitan-level interventions. Based on the consultations carried out as part of the technical assistance, the following three main entry points were proposed, and agreed:

- **Prepare a Kathmandu Valley development strategy and structure plan, and establish an open repository of metropolitan geospatial data and information** – given the rapid pace of urban growth, and the high costs of the current haphazard development pattern in the valley, the preparation and implementation of a metropolitan strategy and action plan is urgently required to manage resilient expansion in the peri-urban areas and support the regeneration of the historic city cores. To facilitate the development of the strategy and plan, a geospatial repository of information from various line ministries operating in the Kathmandu Valley will serve as the foundation for collecting and managing metropolitan data. It will also be the basis on which urban planning tools are created to enhance the capacity of the KVDA going forward.

- **Launch a metropolitan initiative to regenerate the historic city cores of the valley** – the regeneration of the Kathmandu Valley is an agenda of national priority given the strategic importance of the valley and its unique assets for job creation and economic development. In addition, there is strong rational for metropolitan-level coordination, as urban regeneration is a new agenda for the valley, and must be addressed at both metropolitan and local levels and in partnership with the private sector to succeed.

- **Launch a metropolitan initiative to improve resilience to natural disasters** – strong metropolitan coordination is required to ensure that seismic risk considerations are mainstreamed in metropolitan planning and all investments initiatives in the valley. The consultations highlighted the urgency of the initiative given the Kathmandu Valley’s long history of seismic activity and extremely high seismic risk, and the high costs of deferring action based on available damage scenario analysis.

In addition to the three strategic entry points agreed upon during the consultative process, the consultations identified the opening for developing other important metropolitan initiatives as part of the initial phase of stakeholder dialogue to address metropolitan-level issues related to solid waste management, air quality and transportation. These three areas require enhanced
coordination at the metropolitan level. In particular, a metropolitan initiative for air quality management would require a partnership between the MoUD and the Ministry of Environment. While the Ministry of Environment is the lead agency for air quality management, the urban form and traffic management, as well as current building construction practices (under the control of the MoUD) play a critical role in generating pollution in the valley.

**Box 3: Metropolitan Partnerships – The International Experience**

In many countries, inter-governmental negotiation and collaboration have progressively replaced the interventionist approach to metropolitan management that first prevailed and recommended the creation of new institutions and consolidation of local governments (e.g. Shanghai, Toronto and Singapore), while still allowing policy makers to increase policy coherence across an economic functional area. New tools for voluntary collaboration, such as a metropolitan contracts and partnerships, which tend to emphasize pragmatic solutions based on voluntary and collaborative arrangements are becoming more prevalent. It is increasingly agreed that such partnerships need to be part of a long-term vision for the metropolitan region in order to be successful. Examples include Barcelona, New York, and Sydney. While metropolitan partnerships present distinct advantages, they also have limitations. This is particularly the case when applied in rapidly growing metropolitan agencies of low-income and emerging countries, where urban expansion is rapid, and civil society and private sector’s level of engagement is still limited. In this context, metropolitan partnerships initiatives need to be complemented and supported by strong central oversight and directions, as well as targeted interventions.

Source: RPA (2011). Inter-jurisdictional Coordination – Metropolitan Management and Regional Integration. Background paper for Colombia Urbanization Review.

**B. The Medium-term Transitional Strategy – Take Incremental Steps to Improve Metropolitan Planning and Management**

The urgent need to take incremental steps to address the critical threats facing the valley was conveyed by stakeholders during the consultations. Agreed priority actions include: (B.1) updating the 2020 Kathmandu Valley Long Term Development Plan and establishing an open repository of metropolitan geospatial data and information; (B.2) developing the road map and implementing the metropolitan initiative for the regeneration of the valley; (B.3) developing and implementing a metropolitan initiative for improving resilience to natural disasters, with a focus on seismic risk; (B.4) developing and implementing technical assistance programs for the local authorities; and (B.5) designing appropriate incentive-based financing mechanisms to enhance metropolitan planning and management.

**B.1 Update the 2020 Kathmandu Valley Long-term Development Plan and establish an open repository of metropolitan geospatial data and information**

The KVDA is best placed to lead the consultative process for updating the 2020 Kathmandu Valley Long-term Development Plan, and monitor and enforce its implementation. It is recommended that the plan be developed as a strategic and structure plan, rather than a master plan.\(^{20}\) The preparation of the metropolitan strategy would need to start with a visioning exercise,

\(^{20}\) There are a number of problems inherent with traditional ‘land use master planning’. They are succinctly summarized by Dowall and Clark (1996): *master plans are static in nature, take long to prepare; master plans seldom offer guidance on phasing or techniques of implementation; master plans seldom evaluate the costs of*
based on a highly inclusive participatory process, with civil society and the private sector. Emphasis would need to be placed on the economic dimension of the urban transition – competitiveness, job creation and poverty alleviation – based on a critical assessment of the comparative advantages of the Kathmandu Valley. It is also recommended that competitiveness strategies be prepared for the main growth drivers as an input to the preparation of the metropolitan strategy.

Particular attention would need to be paid to plan for sustainable and resilient urban expansion at the fringe, based on realistic projections of urban land needs, while protecting high-productivity agricultural land and open spaces and encouraging development away from hazard prone areas. The preparation of a transport strategy would be an integral part of the plan. As a basic framework for planning the metropolitan region, rights of ways would need to be secured for an arterial road and infrastructure grid to accommodate urban expansion. International experience indicates that urban containment policies that restrict rather than “make room” for urban expansion are difficult to implement in rapidly urbanizing countries; and even when effective, they are not without economic costs (see Box 3).

This strategy and structural plan would guide development activities in the urban local bodies and VDCs, and would provide the KVDA and the MoUD with a roadmap for metropolitan-level interventions and infrastructure investments. The local bodies would be responsible for preparing local plans in line with the metropolitan strategic and structure plan. Due to the limited capacity of most of the VDCs, the KVDA would work closely with the VDCs to prepare local plans that are consistent with the metropolitan structure plan. At all levels, the structure plans and local plans would include detailed capital investment plans for carrying out much needed public infrastructure works.

The development and management of an open repository of metropolitan geospatial data and information (e.g. open street maps and web-based databases) under the coordination of the KVDA would be integral part of the planning process. Several countries around the world have embraced the open data approach successfully (see Box 4). The goal would be to empower decision-makers with better information, data, knowledge and the tools to improve the planning process at the metropolitan scale. The KVDA would facilitate the creation of an open source data-sharing platform that can enable open access to information, building on the ongoing Open Cities Project. Such a database would include maps on building data, road networks, water and sewage systems, electricity grids, and other urban infrastructure. The KVDA would promote development they propose or how they would be financed; they are seldom based on realistic appraisals of the city’s economic potential or likely population growth; they seldom provide a compelling rationale for detailed land use controls; community leaders and implementation agency executives are seldom meaningfully involved in the master planning process; master plans are infrequently updated. See David Dowall and Giles Clark (1996). A Framework for Reforming Land Policies in Developing Countries. Policy Paper # 7. Urban Management Program.

The Open Cities Project relies on OpenStreetMap (OSM), a global online database and user community of over one million members that allows volunteers to collaborate towards creating a free and open map of the world. Often called the “Wikipedia” of maps, it fosters collaboration at the community level and encourages participation from a broad range of stakeholders. Through the Open Cities Project, the OSM Nepal map has added over 340,000 nodes since October 2012, and over 95% of the road network and 40% of the building footprints of Kathmandu Valley have already been mapped by university students, professors, and young tech entrepreneurs.
institutional coordination and partnership with key stakeholders including development partners to facilitate the sharing of data and information and foster innovation.

Box 4: Geospatial Data and Open Source Tools for Planning: An International Perspective

In Haiti, following the January 12, 2010 earthquake, large amounts of geospatial information, data and knowledge created by projects funded by development partners have been disseminated to the public to effectively support the country’s rehabilitation recovery and development processes for longer-term sustainability. The HaitiData.org portal includes the country’s best geospatial data to date and continues to grow as new information is added from various governmental and civil society stakeholders.

The Pacific Risk Information Systems (PaRIS), serving 15 Pacific Countries, including Vanuatu, Fiji, Samoa, Papua New Guinea, Marshall Islands and 10 others, is one of the largest collections of geospatial information in Asia providing detailed risk information to a broad spectrum of key decision-makers, including disaster risk management, planning, and public finance agencies.

The Sahel is an area in the horn of Africa where food insecurity and malnutrition are chronic, and is predicted to grow as over 15 million people try to cope with continuing drought conditions. To ensure early warnings, the Sahel Response tool is a collaborative effort that pulls together leading data sources and knowledge streams and shares these across the region between stakeholders and development partners, resulting in actionable responses on behalf of at-risk populations.

B.2 Develop a road map and implement a metropolitan initiative for the regeneration of the Kathmandu Valley

The consultations identified urban regeneration as a strategic entry point for metropolitan management in the valley. Urban regeneration goes beyond physical upgrading to include economic revitalization, disaster risk management, livable housing, protection of cultural heritage and community strengthening. A two-pronged regeneration strategy is needed to reverse the current decline of the historic city core of Kathmandu and prevent the deterioration of historic city cores in peripheral cities and towns in the valley.

Consensus was reached as part of the consultations on the key conditions for success of urban regeneration strategy: (a) an integrated approach to upgrading the urban fabric; (b) a partnership between the government and the private sector, (c) involvement of local communities; and (d) strong institutional coordination mechanisms among stakeholders at the metropolitan level.

As a first step, it was agreed that the KVDA would take the lead in preparing a road map for implementing the metropolitan initiative for the urban regeneration of the Kathmandu Valley with support from the MoUD. A separate advisory note has been prepared to outline the policy directions and action plan for implementing the metropolitan urban regeneration initiative. The road map discussed with stakeholders is summarized below in Box 5.
**Box 5: Metropolitan Initiative for the Regeneration of the Kathmandu Valley**

**Proposed activities**
- Regeneration Strategy and Action Plan for the Kathmandu Valley
- Implementation and Financing Plan for Metropolitan-level Regeneration Initiatives
- Competitive Grant Facility for Local-level Regeneration Initiatives

**Institutional roles and responsibilities based on the following principles**
- Central oversight and control
- Metropolitan-level planning, monitoring and coordination
- Implementation driven by local authorities
- Partnership with local stakeholders

**Implementation road map**
- **Phase I:** Piloting to identify quick-win regeneration initiatives and investments
- **Phase II:** Developing a strategic framework for urban regeneration
- **Phase III:** Scaling-up, building on demonstration effects and lessons learned from the pilot

**B.3 Develop and implement a metropolitan initiative to improve resilience to natural disasters**

There is currently no agency at the metropolitan level to coordinate disaster risk management activities among central ministries – MoUD and Ministry of Home Affairs – and the local bodies. The KVDA has an important role to play to mainstream disaster risk considerations into the metropolitan planning process and infrastructure investments, coordinate disaster risk management initiatives implemented by local authorities and central agencies, and manage technical assistance and capacity building for the local authorities for disaster risk reduction.

Priority would be given to improve resilience to seismic risk. In the context of the preparation of the metropolitan strategy and structural plan for the valley, the KVDA would coordinate the preparation of a seismic risk assessment as an input for risk-sensitive land use planning and infrastructure investment prioritization, to reduce the risk of locating infrastructure and public facilities (like hospitals and schools) in hazardous areas and discourage development in hazard prone areas. KVDA would also promote improved technical analysis and availability of public information on earthquake risk in the Kathmandu Valley by fostering collaboration with universities and the technology sector, as part of the development of a open repository of metropolitan geospatial data and information. Such actions would further support informed decision-making by sectoral agencies implementing infrastructure projects in the valley.

With initial support from MoUD and in partnership with civil society institutions such as NSET and local universities, the KVDA is best placed to provide technical assistance and capacity building to the local authorities, focusing on the implementation and enforcement of the national building code and building bye-laws to improve safety of construction, as well as the preparation of contingency plans.
B.4 Develop and implement a metropolitan-level technical assistance program to local authorities for local infrastructure planning and financing and service delivery

A program of technical support to local authorities for planning and financing sustainable local infrastructure investments and service delivery is required to support implementation of the metropolitan initiatives. The fragmented governance structure of the valley, as well as the significant difference in the level of human resources and technical capacity across local bodies, provide a challenge for scaling up the technical assistance to all local bodies in the valley. In the initial phase, it would be appropriate to target technical support to localities where the needs are the highest, in particular the rapidly urbanizing VDCs. Key areas of the capacity building program would include technical support for the development of local physical plans and land use maps, and preparation of revenue enhancement plans and O&M funds to ensure the sustainability of the local investments. The central government, through the MoUD, would need to play a strong role in the development and management of the capacity building program, in coordination with the KVDA. As the Authority builds its capacity, it would gradually take over the technical assistance function.

B.5 Design appropriate incentive-based financing mechanisms to enhance metropolitan planning and management

Competencies such as planning cannot be separated from the metropolitan and local financing structure. The incentives set by the central government and the KVDA will be critical to mobilize adequate financial resources for enhanced metropolitan planning and management. The KVDA may consider setting incentives (such as grants, financial subsidies, more competencies) to promote local planning efforts that are consistent with the metropolitan structure plan. The KVDA can also consider the establishment of earmarked funds for the implementation of the identified metropolitan initiatives. Funds would be allocated based on a demand-driven and competitive process to incentivize local authorities’ participation, and build a relationship of trust and collaboration between the local authorities and the KVDA. See, for example, the competitive grant facility for local-level regeneration initiatives described in the advisory note on urban regeneration.

C. The Long-term Strategy – Initiate a Process of Institutional Change for Improved Metropolitan Planning and Management

An incremental approach to metropolitan planning and management, based on a collaborative approach with the local authorities and in line with the current metropolitan governance structure of the valley, is recommended in the short-to-medium term. In the long-term, the government has the opportunity to review and strengthen the governance structure of the Kathmandu Valley as part of the necessary institutional change toward a federal structure. The implementation of the metropolitan initiatives would provide an opportunity to learn from experience, so that lessons learned can be taken into account when the political environment is ready for institutional change.

C.1 Develop a process to guide institutional change for metropolitan planning and management
International experience shows that the process used to structure metropolitan governance and management models is the critical success factor for institutional change. Therefore, the MoUD and the Government of Nepal would need to give consideration to the process as a first step. Ideally, this process should be undertaken after local elections, planned for 2014, and it should not be a top down central government led process. The MoUD should be viewed as a convener and facilitator, and any institutional reform would need to be based on consensus.

C.2 Evaluate models of metropolitan management and their strengths, weaknesses and applicability to the valley in the longer-term

Stakeholders need to be informed about alternative models and their applicability to the Kathmandu Valley. While this process will take time, it is likely that a two-tiered consolidated governance structure would emerge as the preferred choice for the management of the Kathmandu Valley in the long-term, with modifications to adjust the models to local conditions, which may include an enhanced role for the central government in some strategic areas. The assessment should include an evaluation of the economic benefits and costs of consolidation of the local governance structure through amalgamation or annexation. As the Kathmandu Valley further urbanizes, the economic benefits of consolidation in terms of economies of scale are expected to increase significantly. International models for metropolitan management are presented in the annex.

A number of policy directions have thus been identified to address the identified roadblocks for improving metropolitan management and planning in the Kathmandu Valley. The following section develops an implementation road map for programmatically translating these policy directions into action.
V. IMPLEMENTATION ROAD MAP FOR IMPROVED METROPOLITAN PLANNING AND MANAGEMENT

This section presents the proposed implementation road map for implementing the policy directions presented in the advisory note over the next two years. The proposed road map is intended to be a tool for planning and managing the KVDA program, with a focus on ensuring clear assignment of responsibilities for implementation as well as broad stakeholder engagement from inception. The road map would need to be regularly updated based on progress and agreements reached with stakeholders. Policy directions and a road map for the implementation of the metropolitan initiative for the regeneration of the historic city cores of the valley is presented in a separate advisory note prepared as part of the technical assistance.

<table>
<thead>
<tr>
<th>Action</th>
<th>Lead Agency</th>
<th>Timeline&lt;sup&gt;22&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Finalize and approve the organizational structure and plan for the KVDA</td>
<td>MoF</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; month</td>
</tr>
<tr>
<td>2. Prepare the KVDA annual work program and budget for FY14</td>
<td>KVDA</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; month</td>
</tr>
<tr>
<td>3. Prepare ToR for, and recruit KVDA core technical team based on annual work program and budget and in line with approved organization structure</td>
<td>KVDA</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt;–7&lt;sup&gt;th&lt;/sup&gt; month</td>
</tr>
<tr>
<td><strong>Start the dialogue on metropolitan planning and management with local authorities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Establish joint MoUD-KVDA team to lead structured dialogue with stakeholders and local authorities and prepare road maps for metropolitan initiatives</td>
<td>MoUD, KVDA</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt; month</td>
</tr>
<tr>
<td>5. Organize a series of workshops to clarify and agree on roles and responsibilities of the central, metropolitan and local levels</td>
<td>MoUD-KVDA team</td>
<td>2&lt;sup&gt;nd&lt;/sup&gt; – 4&lt;sup&gt;th&lt;/sup&gt; month</td>
</tr>
<tr>
<td>6. Prepare and agree on road maps for implementing the metropolitan initiatives for urban regeneration and resilience to disasters and preparation of metropolitan strategy and plan</td>
<td>MoUD-KVDA team with local authorities</td>
<td>4&lt;sup&gt;th&lt;/sup&gt; – 5&lt;sup&gt;th&lt;/sup&gt; month</td>
</tr>
<tr>
<td>7. Endorse the agreed divisions of responsibilities of central, metropolitan and local levels</td>
<td>KVDA Physical Development Board</td>
<td>5&lt;sup&gt;th&lt;/sup&gt; month</td>
</tr>
</tbody>
</table>

**Take incremental steps to improve metropolitan planning and management**

<sup>22</sup> Months from commencement.
### Update of the 2020 Kathmandu Valley Long-term Development Plan

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Responsible Party</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.</td>
<td>Establish a core team (“KVDA strategy team”) to guide preparation of the metropolitan strategy and plan, with representatives from private sector and civil society, under the coordination of the KVDA</td>
<td>KVDA</td>
<td>4&lt;sup&gt;th&lt;/sup&gt; month</td>
</tr>
<tr>
<td>9.</td>
<td>Establish a technical core team under the coordination of the KVDA tasked with responsibility to prepare a proposal for developing an open repository of metropolitan geospatial data and information for the Kathmandu Valley</td>
<td>KVDA strategy team</td>
<td>4&lt;sup&gt;th&lt;/sup&gt; month</td>
</tr>
<tr>
<td>10.</td>
<td>Organize a series of stakeholder workshops to initiate the process for preparing the metropolitan strategy and plan</td>
<td>KVDA strategy team</td>
<td>4&lt;sup&gt;th&lt;/sup&gt; – 6&lt;sup&gt;th&lt;/sup&gt; month</td>
</tr>
<tr>
<td>11.</td>
<td>Prepare, discuss and agree on the terms of reference for the metropolitan strategy and plan with local authorities, including preparation of competitiveness strategies for main growth drivers, and transportation strategy; prepare work program and budget for the metropolitan strategy and plan for approval by the KVDA Physical Development Board</td>
<td>KVDA strategy team</td>
<td>4&lt;sup&gt;th&lt;/sup&gt; – 6&lt;sup&gt;th&lt;/sup&gt; month</td>
</tr>
<tr>
<td>12.</td>
<td>Prepare and agree on proposal and budget for the open repository of metropolitan geospatial data and use of ICT tools to enhance urban planning in the Kathmandu Valley</td>
<td>Technical team</td>
<td>4&lt;sup&gt;th&lt;/sup&gt; – 6&lt;sup&gt;th&lt;/sup&gt; month</td>
</tr>
<tr>
<td>13.</td>
<td>Prepare the metropolitan strategy and plan and establish geospatial repository of metropolitan data and ICT tools based on agreed roadmap</td>
<td>KVDA strategy team</td>
<td>6&lt;sup&gt;th&lt;/sup&gt; – 24&lt;sup&gt;th&lt;/sup&gt; month</td>
</tr>
</tbody>
</table>

#### Metropolitan initiative for regeneration of historic city cores

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Responsible Party</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.</td>
<td>Establish a urban regeneration cell within KVDA tasked with responsibility for implementing the metropolitan initiative for the regeneration of historic city cores of the valley as per agreed road map</td>
<td>KVDA</td>
<td>6&lt;sup&gt;th&lt;/sup&gt; month</td>
</tr>
<tr>
<td>15.</td>
<td>Prepare the work program and budget for the implementation of the initiative based on the agreed road map and in consultation with key stakeholders, for approval by the KVDA Physical Development Board</td>
<td>KVDA urban regeneration cell</td>
<td>6&lt;sup&gt;th&lt;/sup&gt; - 8&lt;sup&gt;th&lt;/sup&gt; month</td>
</tr>
<tr>
<td>16. Implement the metropolitan initiative for the regeneration of historic city cores of the valley based on the approved work program and budget (see advisory note on urban regeneration)</td>
<td>KVDA urban regeneration cell</td>
<td>6th – 24th month</td>
<td></td>
</tr>
</tbody>
</table>

**Metropolitan initiative to improved resilience to natural disasters**

| 17. Establish a disaster risk management (DRM) cell within the KVDA tasked with responsibility for implementing the metropolitan initiative for improved resilience to natural disasters | KVDA | 6th month |

| 18. Prepare the annual work program and budget for the implementation of the initiative based on the agreed road map and in consultation with key stakeholders, including the Ministry of Home Affairs, for approval by the KVDA Physical Development Board | KVDA DRM cell | 6th – 8th month |

| 19. Coordinate the preparation of the seismic risk assessment for the Kathmandu Valley as an input to the preparation of the metropolitan strategy and plan | KVDA DRM cell | 6th – 12th month |

| 20. Implement the metropolitan initiative for improved resilience to natural disasters based on the approved work program and budget | KVDA DRM cell | 6th – 24th month |

**Metropolitan-level technical assistance program**

| 21. Establish a core MoUD-KVDA team to develop and manage the metropolitan-level capacity building program for local authorities | MoUD, KVDA | 8th – 24th month |

| 22. Carry out training needs assessment to prepare a capacity building plan and budget for the local authorities for approval by the MoUD and the KVDA Physical Development Board | Joint MoUD-KVDA team | 8th – 10th month |

| 23. Roll out the capacity building program | Joint MoUD-KVDA team | 10th – 24th month |
Annex 1: Models of Metropolitan Management – The International Experience

There is no perfect solution to improving metropolitan management, nor is there a one-size fits all model. Decisions about improving metropolitan level management and coordination require trade-offs that are political as well as economic and technical. In this section, we present and discuss several models for metropolitan management and provide examples of where they are used and how well they work. First, however, we need to outline the principal reasons for adopting a new model. Why change existing structures that are well known? Below we offer a number of criteria that can be used to assess whether an alternative model of metropolitan management will generate benefits that justify change.23

Criteria to Assess Benefits of Alternative Metropolitan Management Models

Economies of scale

Economists and political scientists use the term ‘economies of scale’ to refer to the benefits of producing larger amounts of output. The production of outputs—the collection of solid waste, provision of security, development of housing for the low income, education to name only a few—require both fixed and variable inputs. If we produce at large scales of output, we can reduce costs by spreading the fixed costs over more output. As long as the fixed investments can accommodate increase production, the average cost of production or service provision will be lower. The opposite concept to economies of scale is ‘diseconomies of scale’, where average costs rise because we need to add more fixed investment or the costs of management increase enough to offset cost savings.

Governmental fragmentation often leads to higher average costs, since each small unit of government is producing the same type of output at a low volume. If metropolitan governance were used to combine service delivery across cities or villages, economies of scale benefits should appear. The idea is thus to use metropolitan structures, agencies, departments, parastatal units or special purpose vehicles to operate and deliver services at low costs by exploiting economies of scale. However, managing large organizations to deliver services can also lead to large bureaucracies, so care must be exercised when “scaling up”.

Consuming jurisdictions do not need to be producers; they can simply purchase services from metropolitan providers. One point of caution about trying to exploit economies of scale is that in developing countries, poor infrastructure may make it difficult for large providers to operate. For example, if roads are poor, regional-scale solid waste management may not function efficiently—trucks get stuck in traffic, or they break down due to poor roads. In such cases, smaller scale production might be the better alternative.

**Externalities**

Externalities are side effects associated with economic activities. If a farmer builds housing on his farm, he may increase storm water runoff and flood his neighbors. If a city decides to build some new roads for its residents, drivers from outside the jurisdiction may come in and use the roads because they are faster. When externalities generate positive spillovers, it is frequently the case that jurisdictions produce less services or outputs than optimal. In the case of negative externalities (air pollution or flooding for example), too much is produced. Metropolitan structures can effectively mediate these problems by internalizing the externality. For example a major source of pollution in the Kathmandu Valley is brick production—it produces a lot of soot and particulates. An individual city may benefit from the brick company—jobs are created, tax revenues are generated and so forth, but the metropolitan area is worse off. It would therefore be worth considering forming a metropolitan air quality management district that covers the entire air-shed. The size of the metropolitan agency might not be the same size as the agency used to promote economies of scale. The air quality district might be larger than the metropolitan school district. The point here is that all districts do not need to be the same size or cover the same area. Externalities can also be remedied by imposing transfers. The towns making bricks might be taxed to compensate other towns for the pollution they cause. The town that builds new roads might make non-residents pay tolls for using their roads.

**Equity**

Another common metropolitan-level problem is income inequality across smaller jurisdictions. When thinking about equity, metropolitan management experts think about how to balance costs and benefits. Wealthy communities may have a low demand and willingness to pay for security since they live in gated communities. But the metropolitan area would be far safer if all areas, rich and poor had good quality community policing. Jurisdictional fragmentation often fosters income inequality. Metropolitan educational systems can help to foster integration and increase educational attainment for the poor. In other cases, wealthier jurisdictions could cross-subsidize poorer communities through having metropolitan level property taxes or sales taxes.

**Accessibility and accountability**

Another consideration that should be used when designing metropolitan management and governance systems pertains to how accessible the metropolitan government is to its citizens. Here smaller is usually better, since local governments are closer to their constituents. More fragmentation may lower corruption as well since citizens are more likely to know about local projects and services if they are provided locally. As far as accountability, scale may be less important. What is important is to link expenditure decisions with revenue decisions—how are tax monies being used?

**Local responsiveness**

The final criterion is in regards to local responsiveness. Here local is by definition better in most cases. However, large metropolitan governments have worked to be more locally
responsive by setting up local service centers, hold local stakeholder meetings and so forth. The European Council has a law called the “subsidiarity principle,” which refers to a policy that public services should be provided by the government or entity closest to the user, given considerations regarding economies of scale, externalities, equity, accessibility, accountability and local responsiveness.

These are the five criteria that should be used to evaluate alternative models of metropolitan governance and management. As illustrated, these criteria call for either large scale or small scale governance structures. So the challenge is finding the right balance.

Models of Metropolitan Governance and Management

There are six basic models that have been used around the world to address the challenges of managing large metropolitan regions. These models change over time, where some cities shift from one model to another. Some models are not geographically robust if their boundaries are not broad enough to capture externalities or generate economies of scale. In some cases, metropolitan areas fuse together to create even larger governance issues. With these caveats in mind, the six models are reviewed below.

One tier fragmented structure

This model is essentially the status quo. It could be a Houston with nearly 800 local governments and no coherent metropolitan strategy. It could be Chicago with nearly 500 local governments and no regional coordination. Mumbai would also fit here, with the provison that it has a regional planning authority with limited power—the MMRDA. In one-tier systems, it is difficult to build consensus. But when there is a crisis, these cities often cooperate out of necessity.

One tier consolidated government

A single metropolitan government provides a full range of services to its region. These one tier systems are usually formed through amalgamation or annexation. Shanghai – essentially a city-state with direct reporting to Beijing – is one example. With the Delhi Development Authority, Delhi is another developing country example. Examples in the developed world include Bremen, Hamburg and Berlin in Germany as well as Louisville and Indianapolis in the US.

These cities have a common, shared tax base and have a business-friendly climate. They maximize economies of scale, work to reduce negative externalities and increase positive ones. They also work to improve equity across districts with their metropolitan boundaries. These cities typically set up local service centers to improve access. Interestingly, they are expensive to run since they have large bureaucracies. There is also less competition among service providers as monopolies are common. They have lower competitiveness and their boundaries rarely change, even as urbanization expands beyond their limits.
Two tier government

In two tier governments, metropolitan agencies go through a process of deciding how to allocate service delivery – should the metro do it, or should the local governments do it? The critical challenge is to use the five criteria presented above to decide on the allocation of services. There are many examples of two tier metropolitan areas, including Madrid, Toronto, London, Cape Town and Abidjan. Two tier systems may, however, be confusing to taxpayers, who have to interface with two levels of government, and there is the potential for waste through the duplication of services.

Voluntary cooperation

Voluntary cooperation models are the easiest to form from a political perspective, and are becoming a more prevalent model for metropolitan management in urbanized countries. They are common in the US, France and Italy. Essentially, jurisdictions create informal agreements to cooperate on service provision. Cities can opt out or join as they wish. Noteworthy examples are Bologna, Marseilles, and most other cities in France. Los Angeles is a well-known example in the US. An advantage of voluntary cooperation is the ability of cities to maintain their autonomy while at the same time reaping the benefits of scaling up. In Los Angeles, Los Angeles County offers services to smaller cities in the county. Common services include police and fire fighting, emergency services and purchasing in bulk to lower costs.

Special purpose districts (metropolitan authorities and public service agencies)

Options include a metropolitan council of government, a metropolitan planning agency (with broad or narrow focus, and which may or may not have authority to enforce plans), and a metropolitan public service (single-purpose) agency, such as a utility cooperation or cooperative. Examples of public service agency include school districts, transportation, water supply, sewerage treatment and solid waste management agencies.

The key advantage is that cooperation or integration can be tailored to the needs of the metropolitan agency, and that local governments do not lose autonomy as they would under some of the other models. Problems with special purpose districts are accountability, poor access and inability to coordinate across services that are not provided at the regional or metropolitan level. Examples are common in the US, and include San Francisco, Atlanta and Denver. San Francisco’s Bay Area Air Quality Management District is an example of a special purpose vehicle or agency that seeks to reduce air pollution.

Central, state or provincial provision

A final model is to simply have the central government or province step in and provide the service. This is common in Australia and India (Mumbai).
Summary of Models

One lesson of international experience is that models change over time—Toronto, London, Cape Town and Abidjan have all experienced significant change. In Cape Town, one expert refers to “reorganization fatigue.” The second lesson is that the voluntary model is the easiest in terms of politics, having proven to work well in Los Angeles and Sao Paulo, but is may have imitations when applied in rapidly growing metropolitan agencies of low-income and emerging countries, where urban expansion is rapid, and civil society and private sector’s level of engagement is still limited (see also Box 3 above). A third lesson is that boundaries do not move with urbanization, and outward development can undermine the benefits of metropolitan governance. While one can achieve economies of scale, metropolitan governments are expensive and do not always lower costs. The local and national context is extremely important in shaping which models are successful. The process that is used to create a dialogue about metropolitan governance is extremely important. The process should be bottom up and participatory. Top down models have a poor track record. Finally, metropolitan governance and management structures require a financing plan to support implementation. Table 1 provides a summary of this section.
Table 1: Summary of Examples, Criteria and Models

<table>
<thead>
<tr>
<th>Models</th>
<th>One tier fragmented structure</th>
<th>One tier consolidated government</th>
<th>Two tier government</th>
<th>Voluntary cooperation</th>
<th>Special purpose districts</th>
<th>Central, state or provincial provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examples</td>
<td>Houston, Chicago, Mumbai and Kathmandu</td>
<td>Shanghai, Delhi, Bremen, Hamburg, Berlin and Louisville</td>
<td>Madrid, Toronto, London, Cape Town and Abidjan</td>
<td>Bologna, Marseilles and Los Angeles</td>
<td>San Francisco, Atlanta and Denver</td>
<td>Melbourne and Mumbai</td>
</tr>
<tr>
<td>Economies of scale</td>
<td>Poor results</td>
<td>Strong positive results</td>
<td>Effective results if allocation is well made</td>
<td>Positive results</td>
<td>Positive results for specific services</td>
<td>Variable results, can be positive</td>
</tr>
<tr>
<td>Externalities</td>
<td>Poor results</td>
<td>Strong positive results</td>
<td>Effective results if allocation is well made</td>
<td>Mixed results, usually not effective</td>
<td>Mixed results, usually not effective</td>
<td>Variable results, can be positive depending on service</td>
</tr>
<tr>
<td>Equity</td>
<td>Poor results</td>
<td>Excellent results if equity is a priority</td>
<td>Effective results if allocation is well made</td>
<td>Model offers flexibility to be positive</td>
<td>Positive results only if SPVs aim toward equity</td>
<td>Variable results, can be positive depending on type of service</td>
</tr>
<tr>
<td>Accessibility and accountability</td>
<td>Variable, poor to excellent results</td>
<td>Depends on decentralization efforts and outreach</td>
<td>Model offers flexibility to be positive</td>
<td>Model offers flexibility to be positive</td>
<td>Poor results</td>
<td>Variable results, can be positive depending on service</td>
</tr>
<tr>
<td>Local Responsiveness</td>
<td>Variable, poor to excellent results</td>
<td>Depends on decentralization efforts and outreach</td>
<td></td>
<td></td>
<td>Poor results</td>
<td>Variable results, depending on quality of central or state/provincial government</td>
</tr>
</tbody>
</table>

KATHMANDU VALLEY URBAN POLICY DIALOGUE
TECHNICAL ASSISTANCE

URBAN REGENERATION OF THE HISTORIC CITY CORES
OF THE KATHMANDU VALLEY
ADVISORY NOTE AND ACTION PLAN

June 2013
South Asia Urban Unit
Enhancing the competitiveness of the Kathmandu Valley is a national priority given the strategic importance of the valley for economic growth and job creation for the country. The valley has many assets to develop for continued prosperity and growth, with a comparative advantage in cultural industries. However, rapid urbanization – combined with inadequate development control – is undermining these advantages.

The Kathmandu Valley’s rapid urbanization calls for a metropolitan-level sustainable regeneration strategy driven by local economic development. An urban regeneration approach that goes beyond physical renewal is required to bring about a lasting improvement in the economic, physical, social and environmental conditions of the Kathmandu Valley. To succeed, the regeneration of the valley needs to be embedded in a growth strategy that combines orderly and higher density land and housing development in the fast-growing peri-urban areas with the regeneration of the historic city cores.

The urban regeneration strategy must be tailored to the environment of the Kathmandu Valley. The valley presents several strengths for achieving successful and sustainable urban regeneration, including strong communities, world class cultural assets as a primary resource, and vibrant private sector leaders who have shown a strong interest in participating in urban regeneration efforts. Yet a number of constraints also remain, including inadequate planning and development controls; insufficient investment in infrastructure and services; institutional fragmentation of government responsibility and overlapping authority across agencies; the weakening of social networks and informal safety nets in the deteriorating urban cores, and lack of organized support for cultural industries.

The proposed policy directions for implementing the urban regeneration agenda build on the strengths of the valley, by focusing on promoting community mobilization and leveraging private sector activities, while addressing issues of institutional coordination. The following policy directions were discussed and agreed with counterparts:

A. Identify priority urban regeneration initiatives that can catalyze change and economic growth.

B. Develop a collaborative planning process and transparent, demand-driven and competitive funding instruments that promote partnerships with the private sector.

C. Develop an institutional framework and coordination mechanisms for urban regeneration at metropolitan and local levels.

D. Identify quick-win regeneration interventions and investments to create demonstration effects.
ACKNOWLEDGEMENTS

This note has been prepared by a team comprising Elisa Muzzini (Senior Economist/Task Team Leader in the South Asia Urban and Water Unit of the World Bank), Silva Shrestha (Water & Sanitation Specialist), Pawan Lohani (Consultant/Municipal finance), Anil Pokhrel (Disaster Risk Management Specialist), Sonam Velani (Disaster Risk Management Analyst), Pragya Pradhan (Consultant/Community planning), Tara Lonnberg (Consultant/Institutions) and a team of experts including Katrinka Ebbe (Consultant/Cultural Heritage) and Dr. Sudarshan Tiwari (Consultant, Professor of Planning and Architecture at Tribhuvan University, Nepal). The Global Lab Knowledge exchange was organized by WBI and Urban Anchor in collaboration with the South Asia Urban & Water Unit. The activities benefited from support from the World Bank – AusAID Infrastructure for Growth Trust Fund.

Extensive consultations on urban regeneration in the Kathmandu Valley have taken place with the Ministry of Urban Development (MoUD) and the Kathmandu Valley Development Authority (KVDA) as part of the technical assistance. The advisory note also builds on consultations with a broad range of stakeholders including central agencies, local governments, the private sector and the academia. Working group discussions on urban regeneration were conducted in May, 2012 and January and May, 2013 with representatives from national ministries and municipal executive officers and agencies, business leaders and associations, heritage conservation groups and historic site managers, professional urban and regional planners, individual artisans and their associations, NGOs and Community-based Organizations (CBOs), development partners, and other interested parties, such as conservation architects and academics. In-depth interviews were carried out with key local actors in each of the five municipalities in the valley, including municipal leaders, heritage site managers, crafts producers and tour operators. The consultations included extended visits to neighborhoods and specific historic sites to familiarize team members with existing urban conditions. Focus group discussions were conducted with residents of two neighborhoods in Lalitpur by a team supervised by Dr. Sudarshan Raj Tiwari and comprising Ms. Pragya Pradhan, Ms. Shreedha Bajracharya, Ms. Niluja Singh and Mr. Subik Shrestha. The advisory note also draws on a background study on the heritage conservation and local economic development in the Kathmandu Valley conducted by the World Bank in 2012; and the World Bank’s ‘Urban Growth and Spatial Transition in Nepal’ study completed in 2012. The team would like to extend special thanks to the MoUD and the KVDA for their collaborative efforts.
TABLE OF CONTENTS

EXECUTIVE SUMMARY ........................................................................................................... 5

I. INTRODUCTION .................................................................................................................. 11

II. THE STRATEGIC IMPORTANCE OF THE REGENERATION OF THE KATHMANDU VALLEY .......................................................................................................................... 13

III. THE URBAN REGENERATION OF HISTORIC CITY CORES IN THE KATHMANDU VALLEY: APPROACH AND CONDITIONS FOR SUCCESS ............................................. 15

IV. STRENGTHS AND CONSTRAINTS FOR URBAN REGENERATION IN THE KATHMANDU VALLEY .................................................................................................................. 19

   IV.I Strengths for urban regeneration in the valley .................................................................. 19

   IV.II Constraints for urban regeneration in the valley .......................................................... 21

V. POLICY DIRECTIONS ........................................................................................................... 26

   A. Identify priority urban regeneration initiatives that can catalyze change and economic growth .................................................................................................................. 26

   B. Develop a collaborative planning process and transparent, demand-driven and competitive funding instruments that promote partnerships with the private sector .......................................................... 31

   C. Develop an institutional framework and coordination mechanisms for urban regeneration at metropolitan- and local-levels ...................................................................... 33

   D. Identify quick-win regeneration interventions and investments to create demonstration effects .................................................................................................................. 37

VI. IMPLEMENTATION ROAD MAP FOR THE REGENERATION OF THE KATHMANDU VALLEY ...................................................................................................................... 40

Annexes

Annex 1: Potential Metropolitan- and Local-level Initiatives for the Urban Regeneration of the Historic City Cores of the Kathmandu Valley .................................................................................................................. 44

Annex 2: Developing a Cultural Heritage Walking Tour: The Experience of Lalitpur .......................................................... 46

Annex 3: International Urban Regeneration Case Studies and Lessons Learned .................................................................................................................. 53

Annex 4: Maps of Comparison Neighborhoods: Jhyatapo and Prayag Pokhari .................................................................................................................. 74

Tables

Table 1: An Integrated Approach to Urban Regeneration .................................................................................................................. 17

Table 2: Implementation Arrangements in Practice .................................................................................................................. 36
Boxes

Box 1: International Experience with Urban Regeneration in Delhi, India............................................. 18
Box 2: The Causes of Decline in the Jhyatapo Neighborhood ................................................................. 23
Box 3: A Housing Rehabilitation Program Based on Resident Incomes in Fez, Morocco ........... 27
Box 4: Neighborhood Cooperation to Conserve Heritage in Kirtipur .................................................. 27
Box 5: Conserving Traditional Buildings and Addressing Seismic Risks in Lalitpur ............. 28
Box 6: Steps for Developing a Cultural Heritage Route – The Example of Lalitpur ................. 30
Box 7: The Competitive Grant Facility – Examples of Grant Windows ............................................. 33

Maps

Map 1: Study Area 1 – Jhyatapo ............................................................................................................. 74
Map 2: Study Area 2 – Prayag Pokhari ............................................................................................... 75
EXECUTIVE SUMMARY

Enhancing the competitiveness of the Kathmandu Valley is a national priority given the strategic importance of the valley for economic growth and job creation for the country.

The Kathmandu Valley has many assets to develop for continued growth and prosperity, with a comparative advantage in cultural industries. Tourism and handicrafts are an important source of income diversification and poverty reduction in the valley through their economic, social, environmental and cultural benefits. The valley’s unique heritage includes the famous UNESCO World Heritage site and intangible heritage such as music, dance, art, handicrafts, festivals and folklore. As the hub for organized outdoor activities such as trekking and mountaineering, the Kathmandu Valley is also the main gateway for tourists to Nepal.

Rapid urbanization – combined with inadequate development control – is undermining these advantages, and poses challenges that require immediate policy attention. Pressures for new construction and development are contributing to the disappearance of unique buildings and streetscapes. Rapid urbanization is leading to increasingly high levels of congestion, noise and air pollution and straining the government’s capacity to provide infrastructure and basic services (e.g., water, power and sewerage). This is in turn contributing to diminishing the value of the World Heritage site, reducing earnings from tourism, and weakening social cohesion and community engagement with their tangible and intangible heritage.

The Kathmandu Valley’s rapid urbanization calls for a metropolitan-level sustainable regeneration strategy driven by local economic development.

The Kathmandu Valley needs an urban regeneration approach that goes beyond physical renewal. A sustainable urban regeneration approach based on three areas of interventions – people, businesses and places – is required to bring about a lasting improvement in the economic, physical, social and environmental conditions of the Kathmandu Valley. A sustainable urban regeneration approach encompasses economic revitalization, disaster risk management, livable housing, protection of cultural heritage and community strengthening. Key conditions for the success of urban regeneration initiatives are an integrated approach to upgrading the urban fabric, a partnership with the private sector and involvement of local communities.

The regeneration of the Kathmandu Valley is a metropolitan agenda. Urban regeneration initiatives require strong coordination at the metropolitan level between central agencies, local authorities and the private sector. To succeed, the regeneration of the valley needs to be embedded in a growth strategy that combines orderly and higher density land and housing development in the fast-growing peri-urban areas with the regeneration of the historic city cores. A two-pronged strategy would be required to reverse the decline of the historic core of Kathmandu Metropolitan City (hereafter referred to as Kathmandu) on one hand, and prevent the future deterioration of historic cores in peripheral cities and towns in the valley on the other hand (e.g., Lalitpur Sub-metropolitan City [hereafter referred to as Lalitpur], Kirtipur and Madhyapur-Thimi municipalities).
The urban regeneration strategy must be tailored to the environment of the Kathmandu Valley. The valley presents several strengths as well as challenges for achieving successful and sustainable urban regeneration.

Several strengths exist for urban regeneration in the Kathmandu Valley. First, the valley has strong communities and an established way of mobilizing them through user-group contributions for small, government-initiated infrastructure projects. Second, the valley has world class cultural assets – including the seven monument zones comprising the UNESCO World Heritage site – that offer great potential for income-generating activities around tourism and provide a strong sense of local identity, community pride and social cohesion. And third, the valley has vibrant private sector leaders who have shown strong interest in participating in urban regeneration efforts. With support from the government, entrepreneurship and business development can play an important role in the planning and decision making for local economic development.

A number of constraints also exist, however, for urban regeneration in the valley. Constraints include the inadequate planning and development controls contributing to urban decline; insufficient investment in infrastructure and services decreasing urban livability; institutional fragmentation of government responsibility and overlapping authority across agencies leading to inaction; the weakening of social networks and informal safety nets in the deteriorating urban cores where the poorest and most vulnerable reside, and lack of organized support for cultural industries resulting in loss of competitiveness and income.

The proposed policy directions for implementing the urban regeneration agenda build on the strengths of the valley, by focusing on promoting community mobilization and leveraging private sector activities, while addressing issues of institutional coordination.

The advisory note proposes policy directions and a road map to implement a metropolitan initiative for the regeneration of the Kathmandu Valley. The following primary policy directions were agreed with stakeholders to support urban regeneration efforts in the valley:

A. IDENTIFY PRIORITY URBAN REGENERATION INITIATIVES THAT CAN CATALYZE CHANGE AND ECONOMIC GROWTH

Through the consultative process, a clear consensus emerged on the highest priority initiatives that are needed to catalyze change in the historic city cores of the Kathmandu Valley. The following initiatives related to housing, disaster risk management, cultural heritage protection, infrastructure and service delivery improvements, and local economic development have been identified.

A.1 Promote traditional housing rehabilitation incentive programs to support the conservation of traditional buildings. Local incentive programs could be developed and/or expanded to shield private homeowners from the extra costs of restoring original buildings or constructing new ones with traditional materials, giving priorities to façade improvements along designated heritage routes.
A.2 Initiate coordinated interventions at both the metropolitan and the local level to better protect the valley’s cultural heritage. The success of cultural heritage protection programs hinges on attention and action at both the metropolitan and local levels. A role best undertaken at the metropolitan level is the establishment of criteria to assess the potential negative impact of development projects on heritage and the creation of a mechanism for regular review among relevant ministries to reduce these impacts. A priority activity at the local level involves raising community awareness of the value of heritage. This could be done through media campaigns, school programs and by creating inventories that document local historic sites and intangible heritage (e.g., shrines, temples, celebrations and cuisine).

A.3 Upgrade the deteriorated historic urban fabric to maintain and improve the livability and tourism potential of the valley’s historic city cores. Metropolitan planning should be improved by developing new information tools and criteria for prioritizing physical investments that recognize the importance and needs of historic areas. Local-level agencies could be instrumental by developing public-private partnerships to demonstrate the advantages of adapting heritage buildings for income-generating activities and by prioritizing local infrastructure and service improvements (e.g., drainage and paving) in their Protected Monument Zones and buffer zones.

A.4 Coordinate disaster risk reduction and management efforts among agencies at the metropolitan and local levels as well as the local population. There is a critical need to develop awareness raising campaigns and engage a large majority of the population in planning and preparing for natural disasters, in particular seismic risk. An initiative that is especially important is a review of regulations and enforcement of construction safety codes and by-laws to improve the protection and safety of traditional buildings.

A.5 Undertake initiatives to increase the economic benefits of cultural tourism for communities in the valley. Appropriate activities at the metropolitan level include: (1) improving tourism data collection (e.g., tourist characteristics, demand and satisfaction); (2) updating tourism branding and marketing campaigns; and (3) improving the quality of vocational tourism training programs, based on private sector input. Local authorities could be more proactive in promoting cultural events and could support individual businesses in developing new niche-market tourism products that attract high-value cultural tourists and extend their stay in the area.

A.6 Promote handicraft development initiatives to generate further income from cultural tourism in the area. At the metropolitan level, efforts should be made to make improvements to the handicraft export sector. Improved handicraft training centers, design updating and development of new products strongly linked to export tourist markets is another initiative that is best supported at the metropolitan level. Local authorities could increase artisan earnings by marketing local products, improving local training programs, expanding handicraft demonstration areas and direct sales points and creating specialized crafts tours.

A.7 Develop cultural heritage walking tours as a catalyst for local regeneration. The development of heritage routes, if strategically identified, can generate partnerships and joint investments by the public and private sectors as well as local communities. Such partnerships
may lead to infrastructure upgrading on the part of local authorities (paving and signage), heritage conservation by communities (housing rehabilitation and façade restorations), and promotion of small businesses (artisan workshops and restaurants). The conceptual development of two cultural heritage routes was undertaken as part of the technical assistance to illustrate how cultural heritage walking tours can be an entry point for urban regeneration in the valley.

B. DEVELOP A COLLABORATIVE PLANNING PROCESS AND TRANSPARENT, DEMAND-DRIVEN AND COMPETITIVE FUNDING INSTRUMENTS THAT PROMOTE PARTNERSHIPS WITH THE PRIVATE SECTOR.

The planning and financing instruments for urban regeneration need to be tailored to local conditions, including the level of private sector development and institutional capacity, and aim to promote community mobilization and leverage private sector activities, while addressing issues of institutional coordination.

B.1 Develop a Regeneration Strategy and Action Plan for the Kathmandu Valley. The preparation of the strategy and action plan needs to be highly consultative and linked to the update of the Kathmandu Valley Long-Term Development Concept of 2002 that is currently being prepared. The urban regeneration strategy needs to be informed by competitiveness strategies for the valley’s main growth drivers, such as cultural tourism and handicrafts. The competitiveness strategies would be cluster specific and based on a collaborative, inclusive, private sector-led process focused on action and results.

B.2 Prepare an Implementation and Financing Plan for Metropolitan-level Regeneration Initiatives. The urban regeneration strategy would need to be complemented by an implementation and financing plan for metropolitan-level regeneration initiatives. The implementation plan would include a list of priority action initiatives to be undertaken by the private and public agencies to improve competitiveness in the main clusters. For each action initiative, an initiative champion and team would be identified, together with a timeline for implementation, tasks and funding requirements. Public and private funding would be assembled by the participating entities for implementation.

B.3 Establish a Competitive Grant Facility for Local-level Regeneration Initiatives. This funding facility would be based on four overarching principles for implementation: (1) being demand driven, with a requirement of matching funds; (2) competitive; (3) transparent; and (4) based on government partnerships with the private sector. Open to all municipalities and small towns in the valley, the grant facility would be an instrument to improve the urban fabric and living conditions in historic city cores, enhance awareness of the importance of cultural heritage conservation, and develop income-generating activities linked to the primary drivers of growth in the valley.

C. DEVELOP AN INSTITUTIONAL FRAMEWORK AND COORDINATION MECHANISMS FOR URBAN REGENERATION AT METROPOLITAN AND LOCAL LEVELS.

The following four principles for assigning responsibilities for urban regeneration were discussed and agreed as part of the consultations, namely (i) central oversight and support; (ii) metropolitan-level planning, monitoring and coordination; (iii) implementation driven by local
bodies; and (iv) partnership with local stakeholders. In line with these principles, the following objectives, roles and responsibilities are proposed for central, metropolitan and local agencies, the private sector and local communities.

C.1 Establish a nodal agency within the Ministry of Urban Development (MoUD) for strategic oversight and technical assistance. MoUD would provide overall strategic oversight for the planning, management, monitoring and coordination of the urban regeneration activities through the establishment of a nodal agency reporting to the Secretary’s office. In addition, MoUD would provide technical support to the KVDA and local authorities through the Department of Urban Development and Building Construction (DUDBC).

C.2 Establish a Steering Committee for the regeneration of the Kathmandu Valley. The Steering Committee would ensure coordination of the urban regeneration agenda among public agencies and stakeholders and provide direction to the KVDA. The Steering Committee would comprise a small group of high-level stakeholders from the public and private sector, representatives from service delivery agencies and local authorities in the Kathmandu Valley.

C.3 Strengthen the KVDA to become the “go-to” agency for urban regeneration. The KVDA would be responsible for the overall planning, management, and monitoring of urban regeneration activities. Main responsibilities would include leading the participatory process for the preparation of the Urban Regeneration Strategy for the Kathmandu Valley and its annual updates, preparing the implementation and financing plan for the metropolitan-level initiatives, as well as managing the competitive grant facility for the local-level urban regeneration activities.

C.4 Enable local authorities to move to action and deliver results to their constituencies. The local authorities (municipalities and VDCs) would be responsible for proposing and implementing local urban regeneration activities funded through the competitive grant facility under the municipal window, in line with the priorities established as part of the Urban Regeneration Strategy.

C.5 Empower small businesses and community groups to actively contribute to the urban regeneration agenda. Businesses and community groups would be responsible for implementing private sector-led and community-based regeneration activities. These would be funded based on a demand-driven and competitive selection process as part of the competitive grant facility for local-level urban regeneration initiatives.

D. IDENTIFY QUICK-WIN REGENERATION INTERVENTIONS AND INVESTMENTS TO CREATE DEMONSTRATION EFFECTS.

Because the urban regeneration approach is new to the valley, a great deal of learning is still needed in the local context. In the first phase, it would be critical to prioritize interventions that can provide the best opportunities for learning and demonstration effects.

D.1 Implement a pilot in Lalitpur to allow for learning that can be applied to other urban areas in the Kathmandu Valley. A two-pronged approach is recommended – piloting in Lalitpur while starting preparatory work for Kathmandu and the valley’s other urban and rural
areas. The piloting approach would serve to create a demonstration effect and raise awareness among decision-makers throughout the Kathmandu Valley. Lalitpur offers the best conditions for implementing the pilot in the Kathmandu Valley. Lalitpur has been able to retain vibrant indigenous artisan communities. Although in distress, the historic core of Lalitpur has significant potential for renewal and the challenges in terms of infrastructure, services and housing are not as severe as those affecting the historic core of Kathmandu.

D.2 Develop a set of criteria for choosing target neighborhoods for piloting urban regeneration initiatives to increase focus and the potential for demonstration effects. A set of criteria need to be developed to identify neighborhoods that present urban challenges sufficient to create learning while also offering the opportunity for success. Local-level initiatives will be heavily based on participatory planning and cooperation. Therefore, it is important to identify areas that residents perceive as neighborhoods – areas where people have common interests and believe that cooperative action can create positive change. To address neighborhoods’ deficits in urban infrastructure and basic services, it would also be important to consider government service delivery boundaries. Neighborhoods would also be defined and chosen based on levels of need.
I. INTRODUCTION

This advisory note, prepared as part of the Kathmandu Valley Technical Assistance, summarizes the technical support provided to the recently established Ministry of Urban Development (MoUD) and the Kathmandu Valley Development Authority (KVDA) for the development and implementation of a metropolitan initiative for the regeneration of the historic city cores of the Kathmandu Valley. It provides technical guidance and strategic directions for developing a sustainable approach for the regeneration of distressed neighborhoods in the historic city cores of the valley, taking into account the valley’s unique cultural assets as well as its challenges in the areas of job creation, infrastructure, governance, social exclusion and vulnerability to disasters. Urban regeneration of the historic city cores would contribute to the long-term outcome of improving the overall competitiveness and sustainable development of the Kathmandu Valley.

Methodology. A Working Group for the urban regeneration of the Kathmandu Valley was established and discussions held in January 2013 and May of 2013 for the preparation of the advisory note. Focus group discussions were conducted in two neighborhoods in Lalitpur Sub-metropolitan City (hereafter referred to as Lalitpur), namely Jhyatapo and Prayag Pokhari. The focus groups were structured to elicit opinions from different interest groups, including youth, women, elderly and local business leaders. Participants responded to open ended questions on the physical, economic and socio-cultural environment of their neighborhoods. The itineraries of two cultural heritage routes have been developed in “undiscovered” neighborhoods of Lalitpur to identify potential entry points for urban regeneration.

Outline. The advisory note is structured as follows:

- Section II discusses the strategic importance of regeneration in the Kathmandu Valley to overall development in Nepal and the valley’s main assets and challenges.
- Section III proposes an integrated urban regeneration approach based on the three pillars of places, businesses, people and identifies the key conditions needed for success.
- Section IV outlines the valley’s strengths and constraints for urban regeneration efforts based on extensive consultations with government, business and community leaders and a comparison of economically thriving and declining neighborhoods.
- Section V outlines policy directions for identifying priorities, implementation arrangements and financing mechanisms for urban regeneration initiatives.
- Section VI presents an implementation road map for the regeneration of the historic cores of the Kathmandu Valley.

---

The focus groups were conducted and summarized by a team supervised by Dr. Sudarshan Raj Tiwari and comprising Ms. Pragya Pradhan, Ms. Shreedhara Bajracharya, Ms. Niluja Singh and Mr. Subik Shrestha.
Annexes to the note provide: (1) examples of the priority activities that could be initiated as part of the urban regeneration initiative; (2) description of the process for designing a cultural heritage walking tour, and presentation of a part of one of the two routes; (3) case studies presenting international experience in urban regeneration; (4) description of the consultative process undertaken as part of the technical assistance; and (5) maps of the Jhyatapo and Prayag Pokhari neighborhoods, where focus group discussions were carried out. Supporting documentation is provided in two separate attachments, namely: (1) an in-depth record of the focus group discussions; and (2) an extended description of the two cultural heritage walking tours.
II. THE STRATEGIC IMPORTANCE OF THE REGENERATION OF THE KATHMANDU VALLEY

Enhancing the competitiveness of the Kathmandu Valley is a national priority given the strategic importance of the valley for economic growth and job creation for the country. The Kathmandu Valley has many assets and to develop for continued prosperity and growth, with a comparative advantage in cultural industries. If managed properly, urbanization in the valley can generate productivity gains, economic opportunities and rising incomes for the entire country.

With a population of 2.5 million, the Kathmandu Valley is the largest urban agglomeration in Nepal, and one of the fastest-growing metropolitan regions in South Asia. The Kathmandu Valley accounts for about one third of the country’s urban population and continues to sustain a fast pace of population growth, at about 4 percent per year. This growth rate makes the Kathmandu Valley one of the fastest-growing urban agglomerations in South Asia. The Kathmandu Valley comprises five urban settlements (Bhaktapur, Kathmandu, Kirtipur, Lalitpur, and Madhyapur Thimi) and peri-urban areas (administratively classified as rural local governments). The valley is characterized by sustained population growth in the urban core and rapid urban sprawl. The largest urban settlement in the valley—Kathmandu—contains 40 percent of the valley’s population and has recorded a rapid population growth rate of over 4 percent since the late 1970s.

The Kathmandu Valley has many assets and comparative advantages to develop for continued prosperity. Tourism and handicrafts are an important source of income diversification and poverty reduction in the valley through their economic, social, environmental and cultural benefits. The valley’s unique heritage provides it with comparative advantages in cultural industries, such as tourism and handicrafts. In addition to its famous World Heritage sites, great historic value and interest are found in the valley’s urban neighborhoods, vernacular housing, and buildings inspired by 18th- and 19th-century European architecture. Religious sites attract numerous pilgrims, and the valley’s living culture—especially its colorful public celebrations and observances—is an extremely popular draw for all types of visitors. As the main gateway for tourists to Nepal, most visitors begin and end their visit in the valley. The valley serves as the hub for organizing trekking, leisure and mountaineering trips to other parts of the country. Handicraft products in Nepal have both a religious and secular history, and the country’s traditional and contemporary products are highly sought after by tourists and international markets.

Rapid urbanization, combined with inadequate development control, has led to a deterioration of the valley’s urban fabric and livability that is undermining these advantages. Pressures for new construction and development are leading to the disappearance of unique buildings and streetscapes and diminishing the value of the World Heritage site, as their traditional
surroundings and context are lost. The escalating pace of urban life means that residents have less time and ability to participate in the traditional customs and practices that make up their intangible heritage. Rapid urbanization is also overwhelming government’s ability to deliver basic services (e.g., water, power and sewerage), which decreases livability and hampers tourism operations. Even though tourist numbers are rising, congestion, noise and air pollution throughout the valley are compromising the tourism experience and reducing earnings.² Artisans face escalating challenges as the sector fails to modernize and incomes decline. Overall, local communities are experiencing diminished engagement with their tangible and intangible heritage and this is weakening the “sense of place” and social cohesion in the valley’s cities.

The valley has strong potential to reverse decline based on its comparative advantages. The experience of Bhaktapur municipality provides a positive model of successful regeneration in the Kathmandu Valley. Local entrepreneurs are creating attractive new tourism products and specialized tourism experiences, and the handicraft sector can rebound by building on the availability of highly skilled artisans and the expected growth in sales related to tourism.

To leverage the comparative advantage of the valley, a sustainable regeneration strategy driven by local economic development is needed. This approach to urban regeneration and key conditions for success are presented in the next section.

III. THE URBAN REGENERATION OF HISTORIC CITY CORES IN THE KATHMANDU VALLEY: APPROACH AND CONDITIONS FOR SUCCESS

The Kathmandu Valley’s rapid urbanization calls for a metropolitan-level sustainable regeneration strategy driven by local economic development. A sustainable urban regeneration approach is based on three pillars (or areas of interventions) – people, businesses and places. In the context of the Kathmandu Valley, urban regeneration initiatives require strong coordination at the metropolitan level between central agencies, local authorities and the private sector. And they need to be embedded in a metropolitan growth strategy that combines orderly and higher density land and housing development in the fast-growing peri-urban areas with the regeneration of the historic city cores.

The Kathmandu Valley needs an urban regeneration approach that beyond physical renewal. Urban regeneration needs to be driven by local economic development to bring about a lasting improvement in the economic, physical, social and environmental conditions of an area that has experienced negative change. Turok (2004) identifies three characteristics of contemporary urban regeneration: a) the intention to change the nature of a place by involving the whole community and other stakeholders with a stake in its future; b) the multiple social, economic, environmental and governance objectives and activities which can cut across the responsibilities of central and local governments; and c) the partnership among different stakeholders. Urban regeneration focuses on protecting the existing urban fabric, with its historic, cultural and architectural elements and local social networks, while aiming to improve the livability and quality of life for residents. The approach for urban regeneration discussed in this advisory note hence goes beyond the proposed “house pooling” concept, a term coined for urban regeneration in Nepal.

Contemporary urban regeneration seeks a balance between ‘people’, ‘businesses’ and ‘places’. A sustainable urban regeneration approach is based on three pillars (or areas of intervention) – places, businesses and people. For people, regeneration provides participation in the renewal process and benefits by enhancing their capacities and opportunities. For businesses, regeneration increases their economic competitiveness by enhancing skills and improving the business environment. For historic places, regeneration includes protecting and reinforcing the unique characteristics that give them their special sense of identity, appeal and branding potential. Table 1 below presents the approach. It also describes institutional activities that could be initiated under each pillar in the context of the Kathmandu Valley. Detailed examples are

---

5 House pooling refers to a process whereby old houses in selected neighborhoods that are highly vulnerable to natural hazards would be dismantled and redeveloped and then returned back to the owners. In exchange for dilapidated houses, new houses compliant with risk-resilient building codes would be built based on traditional design norms, and distributed to the original owners with provision of open spaces, access roads and economic activities possible on certain floors of these buildings. A more rigorous assessment is required to assess viability of the approach for the regeneration of the valley. The initiative, at feasibility stage, has been criticized because resettlement costs would be prohibitively high, the difficulty of obtaining stakeholder consensus would significantly lengthen implementation, the approach would be difficult to scale up given resource constraints, and the initiative undermines the holistic approach to regeneration.

---

15
listed in Annex 1.

**An integrated approach to upgrading the urban fabric, a partnership with the private sector and community involvement are key conditions for the success of urban regeneration initiatives.** An integrated approach to upgrading the urban fabric encompasses improvements in infrastructure, the protection of historic environments and disaster risk mitigation to reverse decline in the historic cores. A partnership between the government and the private sector is critical, as regeneration efforts are unlikely to succeed if they are a one-sided “push” from the government side. And mobilization of local communities is critical for the sustainability of urban regeneration initiatives.

*The regeneration of the Kathmandu Valley is a metropolitan agenda.* Sustainable urban regeneration needs an overarching institutional and financing framework to deal with the complexity of multi-sector interventions. In the specific context of the valley, urban regeneration requires strong coordination at the metropolitan level between central agencies, local authorities and the private sector. And urban regeneration initiatives need to be embedded in a metropolitan growth strategy that combines orderly and higher density land and housing development in the fast-growing peri-urban areas with the regeneration of the historic city cores. A two-pronged strategy would be required to *reverse* the decline of the historic core of Kathmandu Metropolitan City (hereafter referred to as Kathmandu) on one hand, and *prevent* the future deterioration of historic cores in peripheral cities and towns in the valley on the other hand (e.g., Lalitpur, Kirtipur and Madhyapur-Thimi).
Table 1: An Integrated Approach to Urban Regeneration

<table>
<thead>
<tr>
<th>Institutions and Finance for the Regeneration of Historic City Cores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coordination across various levels of government and partnerships with the private sector in developing a blend of effective regulations and incentives that promote urban regeneration, including:</td>
</tr>
<tr>
<td>• Clarifying institutional and legal responsibilities for urban regeneration.</td>
</tr>
<tr>
<td>• Developing sustainable financing instruments for urban regeneration.</td>
</tr>
<tr>
<td>• Mainstreaming heritage conservation and seismic safety into urban development plans, municipal service strategies and tourism plans.</td>
</tr>
<tr>
<td>• Strengthening enforcement mechanisms for heritage protection and seismic stability for buildings.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Conditions for success:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong institutional coordination mechanisms at the metropolitan level. Urban regeneration requires strong coordination at the metropolitan level between central agencies, local authorities and the private sector.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Area-based Regeneration Activities (Pillars)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Places</strong></td>
</tr>
<tr>
<td>Infrastructure upgrading, heritage conservation, and disaster risk management that strikes a balance between protection of historic environments and an acceptable level of change to allow for creating livable, safe and productive cities. For example:</td>
</tr>
<tr>
<td>• Upgrading infrastructure using materials and designs that are compatible with the historic urban fabric.</td>
</tr>
<tr>
<td>• Improving technical analysis and awareness on earthquake risk and retrofitting of historic buildings for seismic safety.</td>
</tr>
<tr>
<td>• Creating incentive and enforcement programs aimed at conserving and upgrading traditional housing for contemporary lifestyles.</td>
</tr>
<tr>
<td>Skill enhancement and partnerships between the public and private sectors to facilitate job creation and income generation opportunities, especially those based on heritage assets. For example:</td>
</tr>
<tr>
<td>• Developing collaboration between government and tourism leaders in the development of new tourism products and their international marketing.</td>
</tr>
<tr>
<td>• Increasing government support for artisan groups to update and develop new handicraft products with more contemporary and international appeal.</td>
</tr>
<tr>
<td>Community strengthening and mobilization, that involves raising awareness of the importance of heritage conservation, disaster risk mitigation and the value of community contributions to urban problem solving. For example:</td>
</tr>
<tr>
<td>• Increasing information sharing and community involvement in decision making on government sponsored initiatives.</td>
</tr>
<tr>
<td>• Creating community awareness raising programs on the value of conserving cultural heritage and mobilizing for disaster risk reduction.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Conditions for success:</th>
</tr>
</thead>
<tbody>
<tr>
<td>An integrated approach to upgrading the urban fabric. Improvements in infrastructure, the protection of historic environments, and disaster risk mitigation are needed to reverse decline in the historic cores.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Conditions for success:</th>
</tr>
</thead>
<tbody>
<tr>
<td>A partnership between the government and the private sector. Regeneration efforts are unlikely to succeed if they are a one-sided “push” from the government side.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Conditions for success:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vibrant communities. Community mobilization and ownership of urban regeneration activities by local communities is key to progress.</td>
</tr>
</tbody>
</table>
This urban regeneration approach has been effectively applied in other cities, such as Delhi, where the drivers of urban decline are similar to those in the Kathmandu Valley. In Box 1 below, area-based urban regeneration initiatives undertaken in Delhi under the three pillars are described (see International Case Study 1 in Annex 3 for a more in-depth description of this project).

**Box 1: International Experience with Urban Regeneration in Delhi, India**

An Aga Khan project in Delhi used an integrated approach to urban regeneration in the Hazrat Nizamuddin Basti neighborhood, which has an unusually heavy concentration of important medieval monuments and is one of the city’s densest and poorest settlements. This project addressed the three pillars of urban regeneration by: (1) upgrading streets, parks, water supply, and sanitation and conserving a 13th century step-well and two historic tombs (*places*); (2) providing vocational training in tailoring, embroidery, and tourism guiding and linkages for handicraft sales at nearby tourist sites (*businesses*); (3) initiating participatory community planning and consultation on project development, creating cultural heritage awareness raising programs and establishing self-help groups (*people*). Furthermore, the project aimed at strengthening local government capacity by carrying out activities such as neighborhood socioeconomic assessments, physical mapping and documentation of heritage and area development plans for land use, transportation, and open space (see International Case Study 1 in Annex 3 for more detail).

This approach for urban regeneration must be tailored to the environment of the Kathmandu Valley. The valley presents specific strengths as well as challenges for achieving successful and sustainable urban regeneration, presented in the following section.
IV. STRENGTHS AND CONSTRAINTS FOR URBAN REGENERATION IN THE KATHMANDU VALLEY

Several strengths exist for urban regeneration in the valley. These include strong communities, the presence of world class cultural assets with significant potential for income-generating activities around cultural industries, and the vibrant private sector leaders who show a strong interest in participating in regeneration efforts. A number of constraints also exist, however. These include the inadequate planning and development controls contributing to urban decline; insufficient investment in infrastructure and services decreasing urban livability; institutional fragmentation of government responsibility and overlapping authority across agencies leading to inaction; the weakening of social networks and informal safety nets in the deteriorating urban cores where the poorest and most vulnerable reside, and lack of organized support for cultural industries resulting in loss of competitiveness and income.

Consultations were held with a broad range of stakeholders to identify the strengths and constraints for urban regeneration in the valley. Focus group discussions were carried out in the neighborhoods of Jhyatapo and Prayag Pokhari (PP) to further explore the causes of neighborhood decline and prosperity in the Kathmandu Valley. They were selected because they occupy different points on the development spectrum. While Jhyatapo is declining and PP is prospering, there are many interesting points of similarity and contrast between the two neighborhoods.

IV.I Strengths for urban regeneration in the valley

There was broad consensus among all those consulted on the strengths that the Kathmandu Valley has to draw on. The strengths for urban regeneration in the valley include the following, as illustrated by examples from Jhyatapo and PP.

**Strong communities, their mobilization and ownership of urban regeneration activities, are seen as key to progress.** The existence of strong communities and an established way of mobilizing them through user-group contributions (usually about 20%) for small, government-initiated infrastructure projects will be a strong starting point for urban regeneration efforts.

**Focus group discussions**

In terms of generating community action to address common problems, the two neighborhoods differ substantially. In Jhyatapo, the local community-based development committee (Tole Sudhar Samiti, or TSS) takes responsibility for resolving conflicts, maintaining infrastructure and conserving heritage. TSS members say that the level of volunteerism is low and that maintaining traditions and heritage buildings was much easier when the guthi was responsible, as it could compel members to cooperate and contribute. PP does not have a TSS or any other community groups. The neighborhood’s issues are solved by a handful of people, who have good rapport with the municipality. Members of the predominant caste in PP maintain their commitment and...
support for their *guthi* in the inner city and have very little interaction with renters or members of other castes in the PP neighborhood.

**World class cultural assets are a primary resource for urban regeneration.** They include the seven monument zones in the UNESCO World Heritage site, the unique living heritage and the vernacular architecture found not only in the city cores, but throughout the valley in its small towns and rural areas. These assets are a strength because of their potential to support income generating activities and because cultural heritage is a robust and positive source of local identity, community pride and social cohesion.

**Focus group discussions**

Both neighborhoods show a range of assets that are typical of other small historic cities with a dense historic environment in the core and greater potential for new development on the periphery. Jhyatapo has, however, been unable to capitalize on its assets, which are normally advantages for economic development – historic streetscapes and cultural sites, the presence of tourists and proximity to the town center. In contrast, residents of PP have benefited from opportunities based on the neighborhood’s proximity to major transportation and commercial hubs, room for expansion and zoning that allows the construction of multi-story buildings appropriate for a variety of modern uses.

**Vibrant private sector leaders have shown a strong interest in participating in urban regeneration efforts.** These leaders felt that entrepreneurship and business development can play an important role if good communication is established with the government and the private sector and they are made part of the planning and decision making for local economic development.

**Focus group discussions**

Many residents of PP (those of the Shakya caste) are continuing their traditional occupation of crafting metal sculptures. With family-based talent and skills and (more recently) formal education, they have been able to modify their products to meet contemporary tastes. Based on exposure in the media and communication skills, they have expanded their businesses in both local and global markets. Their economic prosperity and ability to contribute to the maintenance of the neighborhood’s public infrastructure is a major factor in the area’s quality of life. Many of the small workshops in Jhyatapo are also occupied by metal workers, but these artisans have not been as successful as in PP. They are in a transitional phase, learning new skills as they switch to metal work from their traditional occupation of farming. Much of PP is outside the World Heritage buffer zone and the multi-story reinforced concrete buildings allowed in these areas have provided the space needed for many different kinds of users, including colleges, hotels, banks and warehouses. Economic activity generated by these modern buildings is enabling residents, especially hotel owners and artisans, to expand their businesses and increase the income that can be derived from rents. In contrast, in Jhyatapo, rents – which are an important livelihood strategy – are kept low by deteriorating buildings and infrastructure.
IV.II  Constraints for urban regeneration in the valley

Over the course of the workshops and interviews undertaken, strong agreement emerged on the major constraints faced by residents of the valley, including the following.

**Inadequate planning and development controls are a leading cause of urban decline.** Poor enforcement of building codes and conservation laws is allowing new construction and building rehabilitation that is unsympathetic to historic areas and undermines both their cultural and historic value. Lack of attention to building codes and land use planning is also increasing seismic risk by allowing unsafe construction, irregular, dense and inaccessible housing patterns and the loss of open space. Inadequately enforced urban plans and zoning regulations are creating haphazard sprawl on urban peripheries and allowing slum settlements in ecologically sensitive and marginal areas.

*Focus group discussions*

| Jhyatapo’s streetscape and building morphology was fully developed before the city’s rapid population growth began. The neighborhood has a traditional town plan consisting of dense housing blocks and narrow lanes. With limited room for expansion, the neighborhood is experiencing physical decay as the increase in population and contemporary lifestyles put stress on the buildings and infrastructure. Before heritage conservation regulations were put in place, some historic facades were modified and modern buildings erected, somewhat diminishing the tourism appeal of the area. This is in contrast to PP, where politicians and professionals who lived in PP saw the potential for economic growth in their area (in part thanks to the open space available for development) and promoted the widening of a pedestrian way into a major road and installation of a good drainage system. This road is now a busy thoroughfare connecting Lalitpur’s urbanizing core to its periphery, as well as connecting the neighborhood to nearby transportation and commercial hubs. Physical and economic development in PP began increasing only after this expanded access was created. |

**Insufficient investment in infrastructure and services is leading to a severe decrease in urban livability.** The valley is dealing with water shortages, heavily congested roads, flooding and power outages. As investments by central and municipal governments lag demand, urban residents and businesses must seek individual solutions, which are often inefficient and inconvenient. For example, long lines of residents form to access public water sources and building structures are compromised by the weight of roof-top water storage tanks that hold water pumped from individual household wells.

*Focus group discussions*

| Residents of both neighborhoods report that buildings in their area (traditional and reinforced concrete structures) are at extreme risk of collapse from earthquakes, due to poorly enforced building codes and lack of maintenance. Both neighborhoods also suffer from inadequate drinking water, noise and air pollution, traffic jams and loss of public space. |

**Institutional fragmentation of responsibility and overlapping authority across agencies at the central and local levels often result in little or no action being taken.** This lack of clarity is exacerbated by the absence of effective and well-established mechanisms for planning and coordination at the valley’s metropolitan level. In addition, a lack of information sharing and... |
trust between municipalities and their communities is leading to inaction and low “up-take” of government initiatives.

Focus group discussions
There is a lack of inclusion and participatory decision making in both neighborhoods. In Jhyatapo, the community-based development organization (TSS) consists mostly of young men from one caste, and its decision-making process excludes women, homeowners from other castes, migrants and businessmen. The predominant caste group in PP attends to infrastructure and other needs on an ad hoc basis and has little interaction with the more recently arrived residents or businessmen. Unfortunately, the lack of information sharing and participatory planning that is prevalent in government institutions is being recreated in the neighborhoods. Increasing the use of inclusive planning and communication from the central level to the metropolitan, municipal, ward and neighborhood levels would be a positive change in the valley. It could build citizen awareness of the valley’s complicated challenges and mobilize them to more fully contribute to resolving these problems. Residents and businesses in both neighborhoods are additionally hampered by a lack of coordination and action on the part of government institutions. More economic growth and dynamism could be established through integrated planning, enforcement of development controls, upgraded public infrastructure, improved housing and disaster risk reduction.

The poorest and most vulnerable reside in the deteriorating urban cores, where there is a general loss of social capital. Poverty in the valley is multidimensional and includes social segregation, discrimination, lack of voice, vulnerability to shocks and poor access to basic infrastructure and services. These dimensions of poverty reinforce disempowerment and exclusion from the benefits that the valley’s urban areas have to offer. Existing social networks and informal safety nets are being weakened as neighborhoods are composed of growing numbers of transient migrants and the effects of rapid urbanization undermine communal customs and practices.

Focus group discussions
The composition of original residents (who are usually from the same caste) and migrants renting space is significantly different in the two neighborhoods. Renters account for approximately 50 percent of the population in Jhyatapo, while they constitute only about 30 percent of residents in PP. However, the rate of in-migration in PP is increasing due to employment opportunities in the area and growth of the nearby commercial and transit hub. The “sense of community” in both neighborhoods has decreased due to changes in lifestyle, lack of a predominant cultural group and low levels of interaction between owners and renters.

Lack of organized support for cultural industries is resulting in a loss of competitiveness and income. International handicraft sales are declining due the inability of the export industry to improve branding and marketing strategies and provide timely trademark protection. Individual artisans receive little help in updating their designs and products for modern lifestyles and preferences. The valley has a growing reputation as a low-cost and crowded tourism destination because mass tourism, rather than high-yield niche tourism, is becoming dominant. Deteriorating infrastructure and lack of development controls are not only undermining the heritage assets on which cultural tourism is based, but also limiting tourism growth. In general, entrepreneurs face serious constraints in creating development and jobs.
Focus group discussions

The built assets of Jhyatapo include traditional buildings with impressive architectural detail and local cultural sites. The neighborhood’s main street is a heavily used route between two of Lalitpur’s most important tourist sites – the Golden Temple and Kumbheshwar. This combination of assets should lead to income from tourism development, but residents have been unable to capture the interest and spending of the tourists who pass through the neighborhood. The main streets in both PP and Jhyatapo are lined with shops selling items for local residents’ daily needs as well as various handicraft products for tourists. Shop owners in both neighborhoods complain that the pollution, congestion and lack of pedestrian safety of the main streets limit foot traffic and the frequency by which people stop to shop. Both neighborhoods have older and younger generations with opposing views on the importance of conserving heritage. Older residents are confident that the guthi system should and can maintain traditions by exerting social and financial pressure on young people to participate in activities. The younger generation, with modern values and lifestyles, is very vocal about discontinuing traditional practices unless there is justification for their importance, or adapting them to fit residents’ changing needs.

The insights and experiences described by residents in the Jhyatapo neighborhood illustrate the impact of the constraints that are affecting them and many other neighborhoods across the valley (see Box 2).

Box 2: The Causes of Decline in the Jhyatapo Neighborhood

Focus group discussions in the Jhyatapo neighborhood of Lalitpur were conducted with four different groups representing youth, women, the elderly and local business leaders. Participants responded to open ended questions on the physical, economic and socio-cultural environment of their neighborhood. The participants flagged a number of primary causes of neighborhood decline, including inadequate planning and development controls, insufficient investment in infrastructure and services, institutional fragmentation of responsibility and overlapping authority, the poorest and most vulnerable are located in the deteriorating urban cores and there is a general loss of social capital in these neighborhoods, and lack of organized support for cultural industries.

The lack of planning and development controls in Jhyatapo has an especially negative impact on heritage conservation and disaster risk reduction. The section of Jhyatapo’s main street between Mahapal and Konti is within the core area of the Patan Durbar Square Monument Zone. Before the heritage conservation regulations were put in place, many traditional building facades were modernized and major buildings at either end of the historic street were reconstructed using concrete and contemporary architectural styles. These changes have diminished the cultural value and tourist appeal of the street. Some Jhyatapo residents said that the regulations on traditional buildings (especially height limits) restrict their ability to expand for growing families. Others felt that maintenance of historic buildings is hampered by a lack of information and the cost of traditional materials and building techniques.

All four focus groups believed many of the neighborhood structures to be at high risk of collapse during an earthquake due to poor maintenance, despite traditional building technology being well suited to survive earthquakes. The new reinforced concrete buildings are also unsafe, either because they were built before the earthquake stability regulations were put in place or because the regulations were not followed. The focus groups also identified the loss of open space as a problem since it has reduced refuge areas from falling buildings. Members of the women’s focus group participated in earthquake preparedness training, and said that “Preparing for an earthquake is hard to implement. The main reasons
are that there are economic constraints. It has never happened in people’s lifetime so it is hard to convince them. Awareness is there, but it is not taken seriously.”

The focus groups reported improved infrastructure as their most pressing need in Jhyatapo. Participants unanimously flagged sanitation and drainage as the major problems facing Jhyatapo. “When it rains heavily, the roads are like open stinking sewers.” Drinking water is limited – with households only having a piped supply for a short time a few days a week – and this water was said to often be polluted. The water table is additionally getting so low that household wells are also going dry, and most of the public waterspouts have similarly dried up. Focus groups participants also mentioned interruptions in electrical service, high levels of air and noise pollution, and a shortage of parking, which is causing conflict over the use of open space.

Residents also say that poor road conditions hamper economic development. The main street in Jhyatapo links two of the most highly visited cultural heritage sites in Lalitpur, namely the Golden Temple and Kumbheshwar Temple. Many houses along this street have shops on the ground floor selling tourist-oriented handicrafts. While commercial activity has grown over the past 15-20 years due to an overall expansion in tourism, the increasingly poor road condition is now leading to a decline in the area’s economic vitality and flow of visitors. In addition to its flooding and drainage problems, heavy traffic on the street and encroachment on the sidewalks make use of the road unsafe for tourists and other pedestrians. Since business has not been able to flourish in the area, property values and rental rates are comparatively low. The business leaders’ focus group recommended that, “To improve business, the road should be maintained, traffic should be banned and tourist-centric services should be provided.” Businessmen express frustration with the fact that they are not included in the TSS community discussions and decision making that can affect their businesses.

Ineffective governance in Jhyatapo not only results in poor urban infrastructure and the related health and safety risks, but also has led to conflict between neighborhoods. The serious drainage and flooding problems in Jhyatapo could be corrected by laying larger drainage pipes across several neighborhoods. However, people living in nearby Kumbheshwar will not allow these improvements to be made in their area as buildings have been constructed over the pipe system. Since the municipality failed to stop such illegal construction in Kumbheshwar, the Jhyatapo community thinks that it should be responsible for resolving this conflict and solving the issue. Residents of Kumbheshwar additionally blame their neighborhood’s water shortage on the Jhyatapo residents’ water wells. Several years ago, a group from Kumbheshwar forcefully took a boring machine and buried wells in the Jhyatapo area. Focus group members say that the needs of Kumbheshwar dominate those of Jhyatapo and that one reason for this is the decreasing number of long-term/original residents (Tandukar) in Jhyatapo demanding their rights.

Jhyatapo has a mix of low- and middle-income residents, with many facing disempowerment and lack of voice in the neighborhood. The focus groups reported that poor migrant renters constitute around 50 percent of the population, and that there has been a decrease in the “sense of community” in the neighborhood. The structured community-development organization TSS – made up of local residents – works closely with the municipality on infrastructure development and takes responsibility for conserving some historic buildings. But TSS members expressed dissatisfaction with the current level of volunteerism in the community. “Since the guthis are replaced by committees, people think it is the sole responsibility of the TSS to take care of problems. Now people don’t want to volunteer or work for ‘free’ as there is a great opportunity cost associated with it.” Focus group members mentioned there being an overwhelming concentration of one specific caste in the TSS, and that those who own homes in Jhyatapo but do not belong to that caste are not included in the TSS decision making process. Also, there are no

7 Kumbheshwar is downhill from Jhyatapo, which accounts for the two neighborhoods impact on each other’s drainage and water scarcity.
women in the group and only the Newari language is used during meetings. The Jhyatapo focus group participants expressed greatest concern over tourism and commercial development, citing a lack of organized support for cultural industries. Discussion with artisans would likely confirm many of the concerns and wishes presented elsewhere in this note.

Building on the strengths while addressing the constraints related to urban regeneration in the valley requires collaboration and action at both metropolitan and local levels. A set of policy directions and institutional arrangements for regeneration efforts in the valley were borne out of stakeholder consultations. These are presented in the following section.
V. POLICY DIRECTIONS

As a first step, priority urban regeneration initiatives that can catalyze change need to be identified. The implementation of the urban regeneration agenda requires a collaborative planning process with transparent, demand-driven and competitive funding instruments. Institutional arrangements for urban regeneration need to defined in line with the following principles: (i) central oversight and support; (ii) metropolitan-level planning, monitoring and coordination; (iii) implementation driven by local bodies; and (iv) partnership with private stakeholders. It is recommended that the work begin on a small scale and in a limited area to increase learning, provide flexibility and create a demonstration effect based on quick results and success.

The advisory note proposes policy directions and a road map to implement a metropolitan initiative for the regeneration of the Kathmandu Valley. The following primary policy directions were agreed with stakeholders to support urban regeneration efforts in the valley:

A. Identify priority urban regeneration initiatives that can catalyze change and economic growth.
B. Develop a collaborative planning process and transparent, demand-driven and competitive funding instruments that promote partnerships with the private sector.
C. Develop an institutional framework and coordination mechanisms for urban regeneration at metropolitan and local levels.
D. Identify quick-win regeneration interventions and investments to create demonstration effects.

A. Identify priority urban regeneration initiatives that can catalyze change and economic growth

Through the consultative process, a clear consensus emerged on the highest priority initiatives that are needed to catalyze change in the historic city cores of the Kathmandu Valley. The following initiatives related to housing, disaster risk management, cultural heritage protection, infrastructure and service delivery improvements, and local economic development have been identified. The actions are listed below, and presented in more detail in Annex I.

A.1 Promote traditional housing rehabilitation incentive programs to support the conservation of traditional buildings

While “house pooling” may be costly and impractical to implement on a metropolitan scale, there are several effective mechanisms for conserving traditional buildings while supporting safer and more livable housing. Local incentive programs could be developed and/or expanded to shield private homeowners from the extra costs of restoring original buildings or...
constructing new ones with traditional materials, giving priorities to façade improvements along designated heritage routes (see Box 3 and International Case Study 2 in Annex 3 for examples of housing rehabilitation incentive programs in Morocco).

Box 3: A Housing Rehabilitation Program Based on Resident Incomes in Fez, Morocco

A World Bank project in Fez provides an example of housing-focused urban regeneration work. The Fez medina, a World Heritage site in the city core, is a vibrantly active area that has experienced decades of physical decay resulting in a serious deterioration of its infrastructure and housing. Two different housing rehabilitation programs based on income were developed for the medina.

A matching grant program was designed for individual house owners who were able to pre-finance and carry out restoration work using their own or borrowed funds. After completion of the work, owners were reimbursed for 30 percent of the restoration costs. At project closing, 132 grants at an average of US$1,000 per grant were disbursed.

For low-income residents, the housing program solely targeted the common areas of residential buildings that were critical for their survival, such as roofs and water drainage systems, rather than restoring individual spaces. No financial contribution was required of the low-income residents given their level of poverty. Upon all parties signing a simple form, the project agency provided skilled laborers, technical supervision, building materials, and transport of materials and rubble. The low-income residents provided unskilled labor (one person per family living in the building being rehabilitated). Under this mechanism, 107 projects were completed (see International Case Study 2 in Annex 3 for more detail on this project).

A.2 Initiate coordinated interventions at both the metropolitan and the local level to better protect the valley’s cultural heritage

The success of cultural heritage protection programs hinges on attention and action at both the metropolitan and local levels. A role best undertaken at the metropolitan level, is the establishment of criteria to assess the potential negative impact of development projects on heritage and the creation of a mechanism for regular review among relevant ministries to reduce these impacts. A priority activity at the local level involves raising community awareness of the value of heritage. This could be done through media campaigns, school programs and by creating inventories that document local historic sites and intangible heritage (e.g., shrines, temples, celebrations and cuisine). Municipalities and small towns in the valley could also undertake the conservation of key local assets, such as traditional water spouts (hitis) that are both historic and important public assets, especially for the poor. An example of a community-level initiative is the open-air museum and traditional restaurant established by a neighborhood group in Kirtipur (see Box 4).

Box 4: Neighborhood Cooperation to Conserve Heritage in Kirtipur

A neighborhood in Kirtipur has worked to develop a successful co-op restaurant, serving traditional cuisine in an effort to conserve their heritage and create jobs for local youth. The Newa Lahana restaurant was established using a contribution of NR 5,000 from 65 households. Today, those who work in the restaurant draw salaries and the contributing households receive an annual dividend. The community has also begun establishing an open-air museum along the street leading to the restaurant by hanging traditional agricultural tools and photographs of life-stage ceremonies on the house walls. In an open area
near the restaurant, neighborhood women produce the local whisky, *aila*, for visitors to watch and for the restaurant to use. Community trust and cooperation around these activities is strengthened by the fact that the organizing vehicle is the local *guthi*.

A.3 Upgrade the deteriorated historic urban fabric to maintain and improve the livability and tourism potential of the valley’s historic city cores

At the metropolitan level, overall planning should be improved by developing new information tools and criteria for prioritizing physical investments that recognize the importance and needs of historic areas. Central- and metropolitan-level infrastructure agencies that impact the historic environment (e.g., those working on electricity and telecommunications) should develop guidelines that allow for installation and connection harmonized with the surrounding traditional structures. Local-level agencies could be instrumental in improving historic areas by prioritizing local infrastructure and service improvements (e.g., drainage and paving) in their Protected Monument Zones and buffer zones and by developing public-private partnerships to demonstrate the advantages of adapting heritage buildings for income-generating activities (see International Case Study 4 in Annex 3 on upgrading the historic urban fabric in Quito, Ecuador).

A.4 Coordinate disaster risk reduction and management efforts among agencies at the metropolitan and local levels as well as the local population

There is a critical need to develop awareness raising campaigns and engage a large majority of the population in planning and preparing for natural disasters, in particular seismic risk. An initiative that is especially important for the urban regeneration of the Kathmandu Valley is a review of regulations, enforcement and inspection systems to improve the protection and safety of traditional buildings. It is critical that agencies at the metropolitan level take the lead in improving the technical analysis and availability of public information on earthquake risk (e.g., open street maps and web-based databases); establishing norms for analyzing the resilience of traditional buildings and techniques for strengthening them; and adapting land-use planning norms to reduce risk from earthquakes and floods. Local-level agencies need to improve the enforcement of construction safety codes and by-laws and designate and prepare post-disaster recovery areas for relief. They could also form a public-private partnership to retrofit traditional buildings for seismic safety on a pilot basis and use it as a demonstration project to promote norms and guidelines for stability (see Box 5).

**Box 5: Conserving Traditional Buildings and Addressing Seismic Risks in Lalitpur**

Between 2009 and 2011, UNESCO, Tribhuvan University and Ritsumeikan University in Kyoto, Japan undertook a study assessing seismic risks in the Jhyatapo area in Lalitpur. The study was initiated because the historic streets, courtyards and buildings in the area are integral to tourism and residents’ livelihoods in the Kathmandu Valley. The research identified a number of issues regarding earthquake risk reduction in historic neighborhoods related to safeguarding and strengthening of heritage buildings as well as reducing disaster risks to the communities living in historic areas. Various structural weaknesses and effective reinforcement measures were identified, evacuation risks and countermeasures analyzed, and emergency response capacities and limits (e.g., firefighting and rescue) estimated. It was also found that the heritage sites themselves, their open spaces, traditional water sources and communal areas, could be effectively conserved, maintained and prepared to provide emergency shelter, water and first-aid stations.
A.5 Undertake initiatives to increase the economic benefits of cultural tourism for communities in the valley

Appropriate activities at the metropolitan level include: (1) improving tourism data collection (e.g., tourist characteristics, demand and satisfaction); (2) updating tourism branding and marketing campaigns; and (3) improving the quality of vocational tourism training programs, based on private sector input. Local authorities could be more proactive in promoting cultural events and developing more accessible and coherent scripts on their city’s unique history. For example, Madhapur Thimi is located between Kathmandu and Bhaktapur. With some investment in upgrading the city’s five historic areas and marketing these sites, authorities could develop attractions sufficient to draw visits from tourists en route between the two towns. Local authorities could also support individual businesses in developing new niche-market tourism products that attract high-value cultural tourists and extend their stay in the area. Community groups could develop their own local heritage assets and link them to income-generation activities, especially experiential tourism activities, such as handicraft and cooking lessons.

A.6 Promote handicraft development initiatives to generate further income from cultural tourism in the area

Handicrafts are an important and centuries-old element of the valley’s intangible heritage, but expertise is being lost as younger generations refuse to enter these trades, mostly because incomes are low. At the metropolitan level, efforts should be made to make improvements to the handicraft export sector (e.g., research on future demand, marketing, branding and institutional processes). Improved handicraft training centers, design updating and development of new products strongly linked to export tourist markets is another initiative that is best supported at the metropolitan level. In addition, artisans’ business profitability could be enhanced through business training and mentoring programs supported on a metropolitan-wide basis. Local authorities could increase artisan earnings by branding and marketing local products, improving local training programs, expanding handicraft demonstration areas and direct sales points and creating specialized crafts tours (see International Case Studies 5 and 6 for examples of support for handicrafts).
A.7 Develop cultural heritage walking tours as a catalyst for local regeneration

The development of heritage routes, if strategically identified, can generate partnerships and joint investments by the public and private sectors as well as local communities. Such partnerships may lead to infrastructure upgrading on the part of local authorities (paving and signage), heritage conservation by communities (housing rehabilitation and façade restorations), and promotion of small businesses (artisan workshops and restaurants). Cultural heritage routes can also be instrumental in: (1) easing the pressure on heavily visited sites; (2) providing more channels for marketing local attractions; and (3) disseminating the benefits of local economic development across a wider area (beyond the Protected Monument Zone of the UNESCO World Heritage Site). If well developed, these cultural heritage routes have the potential of drawing together all of the priority activities for urban regeneration identified through the consultative process and described above (see International Case Study 3 in Annex 3 for an example of how development of a tourism route promoted urban regeneration activity in Lahore, Pakistan). The concepts of two neighborhood walking tours have been developed in Lalitpur as part of the technical assistance to illustrate how cultural heritage walking tours can be an effective strategy for urban regeneration. Box 6 and Annex 2 describe the process to be followed to develop a cultural heritage route in order to maximize socio-economic impact, drawing on the experience of Lalitpur.

**Box 6: Steps for Developing a Cultural Heritage Route – The Example of Lalitpur**

The development of successful cultural heritage walking tour routes requires a number of steps. First, the route needs to be identified, based on well-established planning criteria to maximize socio-economic impact (such as proximity to other tourist focal points, concentration of heritage assets, accessibility, availability or potential for provision of basic services, diversity and mixed income routes and potential for developing storylines). Second, the development of the route requires preparation of a site management plan, based on a participatory planning, and the identification of catalytic public investments (streetscape upgrading and beautification, heritage conservation, tourism services and way finding) to leverage contributions from the private sector. Third, interpretation, marketing are required to attract visitors to the area. Fourth, follow-up support and monitoring for focal points and entrepreneurs along the heritage route is necessary to solve problems and/or keep improving the experience.

As part of the technical assistance, the concept for two neighborhood walking tours has been developed – “Hindu and Buddhist Heritage of East Patan” and “Artisans and Architecture of East Patan”. The goal of these tours is to draw tourists visiting the city’s most famous heritage destinations into less well-known areas that contain historic sites as well as vibrant living heritage. These routes are designed to link a series of remarkable sites, people and experiences to communicate the unique history, architecture and culture of “undiscovered” neighborhoods in Lalitpur. The tourism potential that these routes represent can catalyze investment and development on the part of government, communities and businesses. Annex 2 describes in detail the process of developing a cultural heritage walking tour, drawing on the experience of Lalitpur. It additionally presents an excerpt from one of the two neighborhood tours – ‘The Artisans and Architecture of East Patan’.
B. Develop a collaborative planning process and transparent, demand-driven and competitive funding instruments that promote partnerships with the private sector

The planning and financing instruments for urban regeneration need to be tailored to local conditions, including the level of private sector development and institutional capacity, and aim to leverage the specific strengths while addressing the constraints for urban regeneration identified in Section IV. Hence, the implementation of urban regeneration initiatives in the valley would require a combination of planning and financing instruments to mobilize communities and leverage private sector activities, while addressing issues of institutional coordination. The outcomes of the planning process will include the following:

B.1 Develop a Regeneration Strategy and Action Plan for the Kathmandu Valley

The Kathmandu Valley needs a metropolitan-level regeneration strategy and action plan given the strategic importance of the agenda. The preparation of this strategy needs to be highly consultative and linked to the update of the Kathmandu Valley Long-Term Development Concept of 2002 that is currently being prepared. As urban regeneration is driven by economic development, the urban regeneration strategy needs to be informed by competitiveness strategies for the valley’s main growth drivers, such as cultural tourism and handicrafts. The competitiveness strategies would be cluster specific and based on a collaborative, inclusive, private sector-led process focused on action and results. A cluster can be defined as a public-private partnership initiative based on a group of interdependent companies, organizations and institutions in a geographic region with common or complementary interests. A tourism cluster, for example, could consist of officials from relevant government ministries and agencies, municipal governments, and 40-70 business leaders, including the valley’s hotel and restaurant owners, tour operators, travel agencies, airlines and transport companies, tourist guides, chambers of commerce, guthi leaders and other important community leaders. Researchers at the universities, marketing experts, trainers, labor unions and regulators would also be important cluster participants.

B.2 Prepare an Implementation and Financing Plan for Metropolitan-level Regeneration Initiatives

The urban regeneration strategy would need to be complemented by an implementation and financing plan for metropolitan-level regeneration initiatives. The implementation plan would include a list of action initiatives identified as priorities to improve sector competitiveness by the private and public agencies in the clusters. For each action initiative, an initiative champion and team would be identified, together with a timeline for implementation, tasks and funding requirements. Public and private funding would be assembled by the participating entities for implementation. Indicators of success would need to be developed and monitored to assess

---

8 Public institutions in a cluster would include government agencies for regulating and supporting these businesses as well as apex organizations that serve their sector, such as hotel owners’ associations. Businesses in an “industry cluster” are typically in the same or related field, located near one another, and are linked by service or supplier relationships, common customers and supporting institutions or other relationships. They share reliance on regional knowledge and on the regional labor market. They compete with one another but also complement one another. They draw productive advantage from their mutual proximity and connections.
progress in implementation. These indicators could include number of jobs created, overall increase in tourism revenue in the valley, and the percentage of priority activities in the action plan that are implemented.

B.3 Establish a Competitive Grant Facility for Local-level Regeneration Initiatives

A demand-driven, competitive grant facility for local-level regeneration initiatives is recommended to complement the metropolitan-level initiatives. Open to all urban local bodies and small towns in the valley, the grant facility would be an instrument to improve the urban fabric and living conditions in historic city cores, enhance awareness of the importance of cultural heritage conservation, and develop income-generating activities linked to the primary drivers of growth in the valley. This funding facility would be based on four overarching principles for implementation, being: (1) demand driven, with a requirement of matching funds; (2) competitive; (3) transparent; and (4) based on government partnerships with the private sector, as described in more detail below.  

- **Demand-driven** funding facilities that require matching funds allow for “bottom-up” expressions of interests and priorities as proponents put forward proposals to which they are willing to contribute. Contributions range from 20 percent to a one-to-one match and could include some in-kind services, depending on the type of proposals and proponents.

- **Competitive** funding facilities lead to the quality enhancement that competition encourages. Proposals are ranked on such criteria as level of community benefit, synergy with competitiveness objectives, sustainability of financial plans and size of proponent contribution.

- **Transparent** processes for the facilities, especially those for proposal selection, help avoid capture by “elites” (e.g., members of powerful castes, the wealthy and those connected to government officials), which can undermine the facilities’ effectiveness and legitimacy.

- **Public-private sector partnerships** are a primary goal of the facilities in order to supplement public sector capacity and finances as well as access private sector expertise, innovation, risk assessment and operational efficiency.

Box 7 presents in more detail the proposed design features of the grant facility and exemplifies grant windows that could be established under the grant facility to promote concerted urban regeneration efforts by the local communities, the local bodies and the businesses.

---

9 An operational manual that specifies all procedures for the design and implementation of each instrument will be developed with input from government, business and community leaders.
Box 7: The Competitive Grant Facility – Examples of Grant Windows

The competitive grant facility would promote community-based, bottom-up planning that identifies the priorities that local authorities, their communities and businesses value, contribute to and benefit from. This competitive grant facility would be open to all municipalities and local authorities, small businesses and community groups in the valley, and have three windows with three complementary areas of focus.

The *Local Investments and Initiatives Grant Window* would support small works implemented by local bodies – such as improvements in local infrastructure and services as well as heritage conservation – to enhance residents’ living conditions. Such initiatives may include upgrading of public spaces and improved solid waste collection. The local authorities would be required to provide matching contributions on the order of 10 percent. All civil works financed under this window would be constructed with seismic resilience and criteria for site selection will take into consideration flood risk.

The *Community-based Initiatives Grant Window* would support community-driven initiatives for heritage conservation and the enhancement of cultural identity, social cohesion and acceptance of cultural diversity. Such initiatives may include revitalization of disappearing celebrations and signage for local historic sites. Community groups would contribute up to 20 percent of project costs in cash or in kind. Given the high disaster risk in the built environment, a seismic risk awareness campaign would need to be incorporated into the community driven initiatives.

The *Small Business Development Grant Window* would support initiatives by eligible small businesses, NGOs, cooperatives and CBOs aimed at creating small businesses and jobs in clusters corresponding to those in the metropolitan-level competitiveness strategy, namely handicrafts and tourism. Such initiatives may include training for artisans or development of new fee-based cultural tourism activities. Grantees would be required to provide sustainable business plans and make matching contributions on the order of 20 percent.

To access the funds, localities would need to engage in a participatory planning process, based on a comprehensive assessment of local needs and conditions. This process would include: (i) a social needs assessment to identify the socioeconomic needs and livelihood strategies of local residents; (ii) a market assessment to examine local handicraft and tourism activities, identify needs for improvement and develop a strategy for development; (iii) a site management framework to create an inventory of physical and intangible heritage, examine existing municipal and heritage management plans and clarify the roles and responsibilities of all stakeholders; (iv) a participatory action plan to “give voice” to local community priorities, build local coalitions of stakeholders and help them organize a set of proposals that are coordinated and mutually reinforcing with the regeneration strategy and plan for the Kathmandu Valley.

C. Develop an institutional framework and coordination mechanisms for urban regeneration at metropolitan- and local-levels

The recent establishment of the MoUD and KVDA represents an important opportunity to define the roles and responsibilities of each level of government and stakeholder group for the implementation of the regeneration initiative. The implementation arrangements need to be consistent with the national strategic importance of the agenda, the integrated nature of the regeneration activities, and the local conditions for success identified through the consultative process – in particular, the partnership with the private sector and the local communities. Implementation arrangements would also need to address the main bottlenecks for action; first and foremost these include the fragmentation of institutional responsibilities and the lack of
“trust” between local authorities and communities. Four principles for assigning responsibilities were discussed and agreed as part of the consultations carried out during preparation of this advisory note, namely (i) central oversight and support; (ii) metropolitan-level planning, monitoring and coordination; (iii) implementation driven by local bodies; and (iv) partnership with local stakeholders. In line with these principles, the following objectives, roles and responsibilities are proposed for central, metropolitan and local agencies, the private sector and local communities.

C.1 Establish a nodal agency within MoUD for strategic oversight and technical assistance

MoUD would provide overall strategic oversight for the planning, management, monitoring and coordination of the urban regeneration activities through the establishment of a nodal agency reporting to the Secretary’s office. In addition, MoUD would provide technical support to the KVDA and local authorities through the Department of Urban Development and Building Construction (DUDBC).10

C.2 Form a Steering Committee for the regeneration of the Kathmandu Valley

The Steering Committee would ensure coordination of the urban regeneration agenda among public agencies and stakeholders and provide direction to the KVDA. The Steering Committee would meet regularly to review progress reports prepared by the KVDA and ensure that the activities undertaken complement one another and do not overlap or conflict with other government initiatives. The Steering Committee would be responsible for formally endorsing the Urban Regeneration Strategy prepared by the KVDA and the annual updates. The committee would comprise a small group of high-level stakeholders from the public and private sector, including the MoUD, the Ministry of Federal Affairs and Local Development, the Federation of Nepal Chambers of Commerce and Industry (FNCCI), NGOs (such as the National Society for Earthquake Technology-Nepal [NSET]), and representatives from service delivery agencies (e.g., Water Supply and Sewerage Board and Department of Roads and Transport) and local authorities in the Kathmandu Valley.

C.3 Strengthen the KVDA to become the “go-to” agency for urban regeneration

The KVDA would aim to become the “go-to” agency for the urban regeneration agenda, responsible for the overall planning, management, and monitoring of urban regeneration activities. Main responsibilities would include leading the participatory process for the preparation of the Urban Regeneration Strategy for the Kathmandu Valley and its annual updates, preparing the implementation and financing plan for the metropolitan-level initiatives, as well as managing the competitive grant facility for the local-level urban regeneration activities. The KVDA would monitor overall implementation progress of the urban regeneration activities, and regularly report progress to the Steering Committee. An urban regeneration cell would be established within the KVDA to undertake these tasks.

---

10 Such as the Special Physical and Infrastructure Area Development Project (SPIADP) within the DUDBC.
C.4 Enable local authorities to move to action and deliver results to their constituencies

The local authorities (urban local bodies and VDCs) would be responsible for proposing and implementing local urban regeneration activities funded through the competitive grant facility under the Local Investments and Initiatives Grant Window (see Box 7), in line with the priorities established as part of the Urban Regeneration Strategy and the local plans. Local Authorities would be required to provide matching contributions to access funds under the grant facility. They will have primary responsibilities for mobilizing communities for local regeneration activities, monitoring local implementation and reporting on progress to the KVDA.

C.5 Empower small businesses and community groups to actively contribute to the urban regeneration agenda

Businesses and community groups would be responsible for implementing private sector-led and community-based regeneration activities. These would be funded based on a demand-driven and competitive selection process as part of the competitive grant facility for local-level urban regeneration initiatives. Eligible grant recipients may consist of cooperatives, small businesses and community groups. Grant recipients would be required to mobilize matching contributions (in the form of cash, labor or other in-kind contributions) commensurate with their financial capacity.

An example of the possible attribution of responsibilities for the main urban regeneration activities, in line with the proposed principles and division of responsibilities, is presented in Table 2.
**Table 2: Implementation Arrangements in Practice**

*Urban Regeneration Strategy, Implementation and Financing Plan for Metropolitan-level Initiatives*

<table>
<thead>
<tr>
<th>Agency</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>KVDA</td>
<td>The KVDA would be responsible for leading the participatory process and coordinating the preparation of the Urban Regeneration Strategy, including the cluster-based competitiveness strategies for the main growth drivers, which will form an integral part of the strategy. It is expected that the KVDA would start by leading the process for the preparation of cluster-based strategies for tourism and handicrafts, and the implementation and financing plan for metropolitan-level regeneration initiatives. The KVDA’s responsibilities would include monitoring overall progress in the implementation of the strategy and metropolitan-level initiatives, and revising the plan on an annual basis for approval by the Steering Committee.</td>
</tr>
</tbody>
</table>

| Cluster Competitiveness Council | Working under the leadership of the KVDA, the council would be established to initiate the cluster development process for the identified economic growth drivers, starting with tourism and handicrafts. It would take responsibility for carrying out an analysis of competitiveness challenges and opportunities; mobilizing a broad spectrum of key stakeholders and industry actors as part of the cluster groups; recruiting cluster co-chairs; and leading a collaborative, participant-driven and integrated strategy and action plan. The Competitiveness Council would also endorse the metropolitan-level initiatives for implementing the strategy based on the priorities emerging from the preparation of the cluster strategy. |

| Sector-specific Cluster Groups for tourism and handicrafts | The Cluster Groups would be responsible for developing a shared vision for their industry and a collaborative, participant-driven and integrated strategy and action plan, under the coordination of the Cluster Competitiveness Council. Once the metropolitan-level initiatives have been agreed upon, cluster sub-groups or task forces would take responsibility for implementing specific initiatives, and mobilizing funds for implementation. |

**Competitive Grant Facility for Local-level Urban Regeneration Activities**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>KVDA</td>
<td>The KVDA would be responsible for managing the competitive grant facility for the local-level urban regeneration activities. The KVDA’s responsibilities would include: (1) prioritizing the location (local authorities), timing and amount of fund allocations based on the Regeneration Strategy and Action Plan, and available budget (with endorsement by the Steering Committee); (2) establishing and managing the grant facility, including the development of a call for proposals and the management of the selection process; (3) consolidating information from the local authorities and preparing progress reports for discussion every six months with the Steering Committee.</td>
</tr>
</tbody>
</table>

| Competitive grant facility administrator | The competitive grant facility administration unit (a competent and autonomous third party, such as a NGO or civil society organization established under the KVDA) would have the responsibility for the day-to-day running of the grant facility. Based on the priorities established through the urban regeneration strategy, the facility administrator would, among other duties: (1) train community facilitators/mobilizers to conduct outreach and provide assistance to ward leaders, community groups and those who are extremely poor and/or excluded from decision making in these groups; (2) develop outreach and application materials and procedures for the grant |
facility; (3) disseminate the material to local authorities, communities and small businesses; (4) provide technical support to grant proponents for the preparation and submission of the grant proposals, including the preparation of environmental and social screening; (5) carry out technical reviews of the proposals, consolidate and submit them in batches to the Approval Committee for approval; (6) manage grant disbursements; (7) mobilize specialized expertise to provide technical support to the grantees when needed to support implementation; (8) receive, synthesize and submit progress reports to the KVDA; and (9) respond to complaints and enforce sanctions for misuse of funds.

### Independent approval committee

The approval committee would provide overall oversight of the facility and approve the proposals. It would comprise representatives of the KVDA, municipalities, local NGOs, renowned local experts and leaders, representatives from central agencies (e.g., the MoUD, the MoFALD, the Ministry of Culture, Tourism and Civil Aviation) and other stakeholders, such as the FNCCI.

### Local Authorities

The local authorities would be responsible for: (1) identifying and prioritizing the geographic areas of focus and preparing proposals for funding under the Municipal Initiatives and Investments Grant Window; (2) guiding the competitive grant facility preparation work (social and market assessments, the site management frameworks and the participatory action plan); (3) sharing outreach information with eligible grant proponents, complementing the outreach effort of the competitive grant facility administration unit; (4) supporting and providing technical assistance for proponents as they develop proposals, in coordination with the Facility Administration Unit; (5) monitoring implementation of private sector-led initiatives and community-based initiatives within their jurisdiction, and alerting KVDA and the facility administrator to any problems, such as mismanagement of funds; and (6) directly implementing the grant activities funded under the Municipal Initiatives and Investments Grant Window. The implementing local authorities within their community would establish a small cross-sectoral urban regeneration working unit to undertake various tasks.

### D. Identify quick-win regeneration interventions and investments to create demonstration effects

Because the urban regeneration approach is new to the valley, a great deal of learning is still needed in the local context. In the first phase, it would be critical to prioritize interventions that can provide the best opportunities for learning and demonstration effects. It would also be important to work in areas that offer the conditions for quick results and visibility in order to start implementing priority local-level initiatives identified as part of the consultation process, and to generate interest in the urban regeneration process.

#### D.1 Develop a pilot in Lalitpur City to allow for learning that can be applied to other urban areas in the valley

Urban settlements in the Kathmandu Valley are experiencing different levels of urban stress. As the largest settlement in the valley and the focal point of political and commercial activities, Kathmandu offers a complex problem for urban regeneration efforts. Consequently, more
preparation and an approach that has been tested and fine-tuned in the country context are recommended before seeking to reverse the trends of deterioration in Kathmandu. Kirtipur, Madhyapur-Thimi and Bhakatpur municipalities have yet to experience the levels of stress or deterioration that would provide an effective learning environment for urban regeneration initiatives. On the other hand, Lalitpur City offers the best conditions for implementing the pilot in the Kathmandu Valley. Lalitpur City has been able to retain vibrant indigenous artisan communities whose participation would be central to the successful implementation of the proposed activities. Although in distress, the historic core of Lalitpur city has significant potential for renewal and the challenges in terms of infrastructure, services and housing are not as severe as those affecting the historic core of Kathmandu City. Lalitpur city’s administration has demonstrated a strong commitment to poverty alleviation and to the preservation of the city’s built and living heritage. And Lalitpur’s smaller scale offers the opportunity to achieve some relatively fast and visible successes that can, in turn, create more energy for regeneration. Hence, a two-pronged approach is recommended – piloting in Lalitpur while starting preparatory work for Kathmandu and the valley’s other urban and rural areas. The piloting would have the following advantages.

- **A piloting approach would facilitate a better understanding of the key aspects of the initiative that will be necessary for achieving results,** such as capacity building, participatory planning, priority setting and implementation arrangements. It would also help identify issues of overlapping institutional authority and responsibility and suggest new modes of inter-agency collaboration before the initiative is scaled up. Finally, the smaller size and focus of pilot activities would provide more opportunities to explore innovative initiatives.

- **A piloting effort would allow more flexibility in implementation.** To maximize the synergies between urban renewal and poverty alleviation in the historic city cores it would be important to have the ability to respond to on-the-ground experiences and lessons learned during implementation. A model that emphasizes feedback and modification as necessary would be used. This process would not only lead to better outcomes, but also to more meaningful lessons that can be used in replicating and scaling up activities.

- **Finally, the piloting approach would serve to create a demonstration effect and raise awareness among decision-makers throughout the Kathmandu Valley.** The pilot can be used to expose government officials, managers and planners to the concepts and principles of an integrated urban regeneration approach. Through workshops and other forms of outreach, lessons learned and successes could be disseminated to raise visibility and generate interest in participating in the scaling up of the initiative.

**D.2 Develop a set of criteria for choosing target neighborhoods for piloting urban regeneration initiatives to increase focus and the potential for demonstration effects**

Based on an understanding of the drivers of urban decline and the pre-conditions for successful regeneration, a set of criteria need to be developed to identify neighborhoods that present urban challenges sufficient to create learning while also offering the opportunity for success. Local-
level initiatives will be heavily based on participatory planning and cooperation. Therefore, first and foremost, it is important to identify areas that residents perceive as neighborhoods – areas where people have common interests and believe that cooperative action can create positive change. To address neighborhoods’ deficits in urban infrastructure and basic services, it would also be important to consider government service delivery boundaries. Neighborhoods would also be defined and chosen based on levels of need. This could be done by evaluating the following criteria:

- Social dynamics, such as the degree of social capital and engagement, as indicated by level of communal activities and community based organizations.
- Economic conditions, such as the number of income poor, low caste and indigenous communities, ethnic minorities, youth, the disabled, and women, especially those who are single heads of households.
- Significance of tangible and intangible cultural heritage, such as the presence of national, municipal- and ward-level historic sites; number of artisans and other practitioners of traditional occupations, and focal points/locations of religious ceremonies and celebrations.
- Level of vulnerability to natural disasters, as indicated by GIS mapping, building inspection and permit records.
- Level of infrastructure and urban services deficit, such as the condition of streets, pedestrian routes and drainage, availability of water and electricity, as well as solid waste services.

The policy directions and implementation arrangements discussed above would initially be piloted in a limited area, and then scaled up across the metropolitan area based on the demonstration effect and lessons learned. A two-year, and three-phase road map to implement the policy directions and guide the planned regeneration efforts in the Kathmandu Valley is proposed in the following section.
VI. IMPLEMENTATION ROAD MAP FOR THE REGENERATION OF THE KATHMANDU VALLEY

This section proposes a road map to implement the regeneration initiative for the Kathmandu Valley over the next two years. The implementation road map includes three phases: Piloting (Phase I), Developing a Strategic Framework (Phase II), and Scaling Up (Phase III). To show quick results on the ground, Phase I and Phase II are expected to be implemented in parallel while the planning process is ongoing and coordination mechanisms are established at the metropolitan level.

Phase I: Piloting to identify quick-win regeneration initiatives and investments

<table>
<thead>
<tr>
<th>Action</th>
<th>Lead Agency</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Establish inter-agency Coordination Committee to oversee the piloting of the urban regeneration initiatives</td>
<td>KVDA and MoUD</td>
<td>1st month</td>
</tr>
<tr>
<td>2. Develop piloting approach to demonstrate the impact of urban regeneration initiatives in collaboration with main stakeholders</td>
<td>Coordination Committee</td>
<td>1st – 3rd month</td>
</tr>
<tr>
<td>3. Develop framework to choose pilot neighborhoods for effective regeneration based on agreed approach</td>
<td>Coordination Committee and local bodies</td>
<td>3rd – 4th month</td>
</tr>
<tr>
<td>4. Mobilize funding for urban regeneration pilots</td>
<td>Coordination Committee and local bodies</td>
<td>4th – 6th month</td>
</tr>
<tr>
<td>5. Start implementation of the pilot initiatives</td>
<td>Local bodies</td>
<td>4th – 6th month</td>
</tr>
</tbody>
</table>

Phase II: Developing a strategic framework for urban regeneration

<table>
<thead>
<tr>
<th>Action</th>
<th>Lead Agency</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The Institutional Framework</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Establish KVDA cell for regeneration activities</td>
<td>KVDA</td>
<td>1st month</td>
</tr>
<tr>
<td>7. Endorse implementation road map and institutional coordination mechanisms for urban regeneration through a series of workshops with broad stakeholders</td>
<td>MoUD, KVDA with relevant stakeholders</td>
<td>2nd month</td>
</tr>
<tr>
<td>8. Establish inter-agency Steering Committee</td>
<td>KVDA</td>
<td>3rd month</td>
</tr>
</tbody>
</table>

11 Months from commencement.
**II. Regeneration Strategy and Action Plan for Kathmandu Valley**

<table>
<thead>
<tr>
<th>Action</th>
<th>Lead Agency</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>9. Establish Cluster-based Competitiveness Council (CCC) with relevant stakeholders</td>
<td>KVDA with relevant stakeholders</td>
<td>2nd month</td>
</tr>
<tr>
<td>10. Mobilize stakeholders and support establishment of cluster groups</td>
<td>CCC</td>
<td>3rd – 4th month</td>
</tr>
<tr>
<td>11. Analyze competitiveness challenges and opportunities of the clusters</td>
<td>CCC</td>
<td>4th – 5th month</td>
</tr>
<tr>
<td>12. Develop cluster-based competitiveness strategies</td>
<td>CCC</td>
<td>6th – 7th month</td>
</tr>
<tr>
<td>13. Develop strategy document with goals, actions and timeline</td>
<td>CCC</td>
<td>8th – 9th month</td>
</tr>
<tr>
<td>14. Identify cluster task force leaders</td>
<td>CCC</td>
<td>9th month</td>
</tr>
<tr>
<td>15. Develop Regeneration Strategy and Action Plan based on cluster-based competitiveness strategies through consultative process</td>
<td>KVDA &amp; CCC with relevant stakeholders</td>
<td>10th – 11th month</td>
</tr>
<tr>
<td>16. Submit Regeneration Strategy and Action Plan to Steering Committee for endorsement</td>
<td>KVDA</td>
<td>12th month</td>
</tr>
<tr>
<td>17. Update annually the strategy and action plan for review by the Steering Committee</td>
<td>KVDA</td>
<td>24th month</td>
</tr>
</tbody>
</table>

**Phase III: Scaling up**

<table>
<thead>
<tr>
<th>Action</th>
<th>Lead Agency</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Implementation and Financing Plan for Metropolitan-level Regeneration Initiatives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18. Identify priorities and initiatives for metropolitan regeneration activities in line with the Regeneration Strategy and Action Plan</td>
<td>KVDA</td>
<td>13th month</td>
</tr>
<tr>
<td>19. Develop and endorse implementation plan for the metropolitan initiatives</td>
<td>KVDA &amp; MoUD</td>
<td>13th – 14th month</td>
</tr>
<tr>
<td>20. Identify lead agency and champions to implement the initiatives</td>
<td>KVDA</td>
<td>14th month</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>21.</td>
<td>Develop work plans for implementing the activities with timeline and funding requirements</td>
<td>KVDA and lead agencies/champions</td>
</tr>
<tr>
<td>22.</td>
<td>Formulate indicators to assess the impact of these initiatives</td>
<td>KVDA and lead agencies/champions</td>
</tr>
<tr>
<td>II.</td>
<td>Competitive Grant facility for Local-level Regeneration Initiatives</td>
<td></td>
</tr>
<tr>
<td>23.</td>
<td>Contract a Grant Facility Administrator</td>
<td>KVDA</td>
</tr>
<tr>
<td>24.</td>
<td>Develop the Operation Manual for the Competitive Grant Facility</td>
<td>KVDA and Grant Facility Administrator</td>
</tr>
<tr>
<td>25.</td>
<td>Submit the Operation Manual for review to the Steering Committee</td>
<td>KVDA</td>
</tr>
<tr>
<td>26.</td>
<td>Identify priority recipients (local authorities) and set allocations based on the endorsed Regeneration Strategy and Action Plan, in consultation with the Steering Committee</td>
<td>KVDA and Steering Committee</td>
</tr>
<tr>
<td>27.</td>
<td>Develop calls for proposal for the competitive grant facility</td>
<td>KVDA</td>
</tr>
<tr>
<td>28.</td>
<td>Establish Approval Committee for the competitive grant Facility</td>
<td>KVDA</td>
</tr>
<tr>
<td>29.</td>
<td>Submit proposals to the KVDA</td>
<td>Local bodies, private sector &amp; community groups</td>
</tr>
<tr>
<td>30.</td>
<td>Review and select proposals based on demand, priorities and funding.</td>
<td>Approval Committee</td>
</tr>
<tr>
<td>31.</td>
<td>Monitor the functions of Grant Facility for transparency and appropriate use of funds</td>
<td>KVDA and Steering Committee</td>
</tr>
<tr>
<td></td>
<td>32. Submit progress reports to Steering Committee</td>
<td>KVDA &amp; Grantees</td>
</tr>
<tr>
<td>---</td>
<td>-------------------------------------------------</td>
<td>-----------------</td>
</tr>
</tbody>
</table>


Annex 1: Potential Metropolitan- and Local-level Initiatives for the Urban Regeneration of the Historic City Cores of the Kathmandu Valley

<table>
<thead>
<tr>
<th><strong>METROPOLITAN-LEVEL INITIATIVES</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Central &amp; Regional Institutions</strong></td>
</tr>
<tr>
<td>• Clarify institutional and legal responsibilities for heritage protection and disaster preparedness.</td>
</tr>
<tr>
<td>• Mainstream heritage conservation and seismic safety into the urban development plans, municipal service strategies and tourism plans.</td>
</tr>
<tr>
<td>• Strengthen enforcement and incentive mechanisms for heritage protection and seismic stability for buildings.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Places</strong></th>
<th><strong>Businesses</strong></th>
<th><strong>People</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Develop new information tools &amp; criteria for prioritizing physical investments.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Establish criteria to assess the impact of development projects on heritage and establish a mechanism for regular review of major projects.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Review regulations, enforcement &amp; inspection systems to strengthen the protection of traditional buildings.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Use techniques and materials for new infrastructure installations that are compatible with traditional urban environments.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Improve technical analysis and availability of public information on earthquake risk (e.g., open street maps and web-based databases).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Establish norms for analyzing the strength of traditional buildings and techniques for stabilizing them.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Adapt land-use planning norms to reduce risk from earthquakes and floods.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Support and improve training to increase quality of business development skills (e.g., entrepreneur training and mentoring).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Improve tourism data collection (demand, satisfaction and characteristics of tourists).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Update tourism branding and marketing campaigns.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Improve the quality of vocational tourism training programs, based on private sector input.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Make improvements to the handicraft export sector (e.g., research on future demand, marketing, branding and institutional processes).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Support handicraft training centers, design updating and development of new products strongly linked to export and tourist markets.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Expand and improve lab for guaranteeing materials and product safety.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Develop a handicraft industrial zone to provide safer and more efficient working environment.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Establish and manage a web-based forum for information sharing &amp; planning on urban issues.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Prepare educational materials on importance of heritage conservation and disaster preparedness, especially for schools &amp; youth.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Create recognition &amp; award programs for “masters” in traditional skills.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Fund performance, arts &amp; handicraft promotion events.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**LOCAL-LEVEL INITIATIVES**

**Local-level Institutions**

Build capacity of local-level authorities to:
- Increase information sharing & participatory planning with communities.
- Build partnerships with private sector entities.
- Coordinate across levels of government & among agencies on heritage protection, disaster risk reduction & tourism planning.
- Develop area-based urban regeneration plans.

<table>
<thead>
<tr>
<th>Places</th>
<th>Businesses</th>
<th>People</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Support adaptive reuse of historic buildings for income generating activities based on public-private partnerships.</td>
<td>• Develop new and improve existing local tourism products with emphasis on high-value niche tourism.</td>
<td>• Promote community awareness raising and mobilization campaign for cultural heritage conservation (e.g., media campaigns, school programs etc.).</td>
</tr>
<tr>
<td>• Create and/or expand incentive programs for use of traditional materials, and award programs for best practice.</td>
<td>• Develop high quality local tourist information &amp; interpretation of heritage (e.g., maps, brochures, etc.).</td>
<td>• Support revitalization of community celebrations/observances.</td>
</tr>
<tr>
<td>• Expand inventories of local built and intangible heritage and integrate them into existing inventories.</td>
<td>• Develop sustainable funding plans for printed materials and increase dissemination points for tourist information.</td>
<td>• Develop community awareness raising and mobilization campaign on disaster risk reduction.</td>
</tr>
<tr>
<td>• Develop participatory site management plans for neighborhood sites that address local community goals and concerns.</td>
<td>• Improve guide training, develop certification programs and business-like mechanisms for connecting with tourists.</td>
<td>• Support participatory inventory and documentation of local tangible &amp; intangible heritage.</td>
</tr>
<tr>
<td>• Create cultural heritage tours and focus investments as a catalyst for development.</td>
<td>• Expand handicraft demonstration points and direct sales opportunities for artisans.</td>
<td></td>
</tr>
<tr>
<td>• Retrofit a traditional building for seismic stability as a demonstration project.</td>
<td>• Create, brand and market handicrafts that represent specific local areas.</td>
<td></td>
</tr>
<tr>
<td>• Designate and prepare post-disaster areas for relief.</td>
<td>• Design specialized crafts tours.</td>
<td></td>
</tr>
</tbody>
</table>
Annex 2: Developing a Cultural Heritage Walking Tour: The Experience of Lalitpur

The development of cultural heritage walking tours can be an effective strategy for urban regeneration. The concepts of two neighborhood walking tours have been developed in Lalitpur as part of the technical assistance to illustrate how a cultural heritage route can be identified and used as an entry point for urban regeneration. This annex describes the process of developing a cultural heritage walking tour, drawing on the experience of Lalitpur. It additionally presents an excerpt from one of the two neighborhood tours – ‘The Artisans and Architecture of East Patan’.

The Process

The development of successful cultural heritage walking tour routes requires a number of steps. First, the route needs to be identified, based on well-established planning criteria to maximize socio-economic impact. Second, the development of the route requires preparation of a site management plan, based on a participatory planning, and the identification of catalytic public investments to leverage contributions from the private sector. Third, interpretation, marketing are required to attract visitors to the area. Fourth, follow-up support and monitoring for focal points and entrepreneurs along the heritage route is necessary to solve problems and/or keep improving the experience. Each of these steps is described below.

Step 1: Route Identification

To maximize the socio-economic impact of the walking tour, identification of the routes needs to be based on a few established planning criteria, including:

- **Proximity to other tourist focal points** in order to capture visitors who are attracted to more well-known sites. The two Lalitpur routes being developed connect to the UNESCO World Heritage Site of the Patan Durbar Square.

- **Concentration of heritage assets** (e.g., historic sites and living heritage) must be present at frequent intervals along the route in order to engage visitors and maintain their interest.

- **Accessibility** for groups through tour bus access and parking, and for individuals with physical limitations through consideration of walking distances, stairs, etc. The Lalitpur routes begin in Patan’s newly developed bus park, Balkumari.

- **Availability or potential for provision of basic services** such as food, drink, shaded rest areas and toilets is essential. Services and amenities on the Lalitpur routes would need to be developed by the municipality and local entrepreneurs.

- **Diversity and mixed income routes** should be considered when social and economic impacts are important. The routes in Lalitpur would serve a mix of neighborhood residents and income levels.

- **Potential for developing storylines**, which can educate and engage visitors, is important in determining which sites should and should not be included in the tour. Both general and theme-based storylines can be developed in Lalitpur and presented depending on visitor interest (e.g., ancient stone inscriptions, artisans and traditional cuisine).

Step 2: Planning and Catalytic Public Investments
To maximize the potential for success, support for planning and investments along the routes would be required.

- **Strategic planning and coordination** using a participatory planning process is necessary to develop a linear site management plan to identify necessary improvements, brainstorm on entrepreneurial opportunities and provide a framework for cooperation among various stakeholders along the route (including local government, neighborhood committees, artisans, temple priests, homeowners and shopkeepers).

- **Catalytic public investments** are often required to upgrade infrastructure, rehabilitate heritage buildings, develop tourism services, and leverage private sector investment. Various public investments will be necessary to make the route in Lalitpur appealing and viable, including:
  - streetscape upgrading and beautification (e.g., paving, landscaping, overhead wire bundling);
  - heritage conservation (e.g., rehabilitation of building facades and open spaces);
  - tourism services (e.g., rest areas) and way finding (e.g., signage, brochures, maps and guide training).

**Step 3: Interpretation and Marketing**

Effective marketing is essential and must be maintained over the long-term to create the critical level of activity and spending essential for success.

- **Interpretation** should be based on different and complementary tools that cater to the needs of a variety of tourism segments (e.g. back packing, specialized cultural tourism, local tourism), such as cell phone applications (i.e. aps) and guided tours.

- **Availability of marketing material** should: (1) be widespread; (2) be based on a sustainable financing plan; and (3) create maximum visibility through use of cross marketing and linkages (i.e., each heritage site in the valley should market every other site, and cell phone aps should be cross linked with multiple Nepal tourism websites).

- **Contacts** with tour operators, hotels and other tourism organizations and entities are needed to generate and maintain tourist numbers.

**Step 4: Support and Monitoring**

Follow-up support and monitoring for focal points and entrepreneurs along the heritage route is necessary to solve problems and/or keep improving the experience.

- **Tourist surveys** are a quick and easy way to find out the positive and negative aspects of the tourist experience along the route.
• Training in areas such as business planning, English, guiding and tourism services will be an important part of creating economic benefits from the route.

The rest of the Annex includes a short excerpt from the proposed Lalitpur tour ‘Artisans and Architecture of East Patan’. The full description of the tours is included as supporting documentation to the advisory note.
according to legend, the beautiful Lalitaranya Van forest was cut to make space for human settlement. The city of Lalitpur or Patan – named after this forest and meaning beautiful city – is known for its rich cultural heritage, particularly its tradition of arts and crafts. The city is divided into spatial units or neighborhoods called toles, and is characterized by particular communities inhabiting certain sectors of the city. Among the many interesting areas of Patan, this route has been developed to highlight the traditional lifestyles, practicing artisans and important heritage in East Patan, which was one of the earliest settled areas in the city (see map for indication of tour route).

**BHINCHHEN BAHAL**\(^{12}\) (Site B7)

Bhinchhen Bahal, also known as Vishnuk Chhen Bihar and Mayur Barna Bihar, is a large complex with a sanctuary built in 1939 AD. According to legend, this monastery from the Malla era is built where an image of the god Vishnu was buried, discovered when a peacock rested on that spot.

The clans of Varjracharya and Shakya reside in this monastery. Their *guthi*,\(^ {13}\) or social organization, annually observes three main festivals here, with their associated rituals and feasts, namely the full moon of Baisakh in April, the full moon of Poush in December, and the twelfth day of the bright half of Magh in January.\(^ {14}\)

**The Stone Sculptors of Bhinchhen Bahal**

Nepal’s most ancient craft, stone sculpting, is still actively practiced in Bhinchhen Bahal. Although stonework had already developed in Kathmandu Valley, residents of Bhinchhen Bahal claim that the making of stone sculptures in Patan began at this monastery. There are at least 10 families here still working in this art form, creating stupas, pillars, water-spouts, inscriptions, protective lions, griffins and gods. The stone used in Bhinchhen Bahal is primarily granite sourced from quarries in Dakshinkali, Hattiban, Farping and Kharpa, located on the periphery of Lalitpur District. And the metal tools used for the stone craft are mostly in Patan, with the exception of a special tool imported from Jaipur, India that is used for diamond cuts. Some of the artisans work and sell from their homes while others have shops in the Magalbazar, Saugal and Sundhara areas.

Inside the monastery’s large gate and to the left you will see *Shakya Stone Craft*, where *Manoj Shakya* continues the stone sculpting tradition of his ancestors. Though Mr. Shakya does not have a shop, he sells his work through local stores in Kathmandu and abroad. He was one of the

\(^{12}\) A bahal is a monastery complex of two-story buildings, one of which contains a sanctuary, surrounding a courtyard on all four sides.

\(^{13}\) Guthi is a social organization of people belonging to a neighborhood and caste.

\(^{14}\) John K. Locke, 1985.
key people involved in establishing *Bhinchhe Bahal Prastar Kalakar Samuha*, an organization aiming to train and encourage the younger generation to continue this ancestral occupation of stone sculpting.

**Suju Bajracharya** is similarly continuing her family tradition of stone sculpting, being the first woman to establish herself as a professional stone sculptor in the area. Despite not having received a formal education, she was honored in 1998 with a *Gorakha Dashin Bahu* felicitation from King Birendra for her contributions to the field for the past 22 years. Working from home in the northeast corner of the Bhinchhen Bahal, she sells to shops in Kathmandu and abroad as the enterprise *Neva Stone Craft*.

The home of **Rabin Bajracharya** in Bhinchhen Bahal can be identified by the stacks of stone tablets in front of the house. He is from one of very few families in the monastery whose ancestral occupation was not related to stonework. Despite being a woodcarver, the surroundings sparked an interest in stone art, encouraging him to take courses in stone sculpting. Mr. Bajracharya runs a business along with his siblings, primarily selling to clients from abroad.

**DUPAT LACHI** (Site B9)

Dupat is the largest of Patan’s 45 *toles*, or compact traditional neighborhoods, and is known for having one of the city’s biggest community buildings. Residents claim that their population is the most educated in the city since the first school in Patan was established here in 1956. The importance ascribed to Dupat is illustrated by an elderly resident of this neighborhood being given the honor of cutting down the tree that will be used to make the chariot in the important *Machhendranatha* festival.

The majority of Dupat’s population is from the Jyapu farming caste, and they observe the major feasts on Ganesh Jatra, Indra Jatra in September, Mother’s Day in May and Si: Guthi in Chaitra in April. Although the traditional buildings have been replaced by modern concrete structures, community buildings remain important for conducting these Newari festivals in the neighborhood.

**The Legend of Dupat Ganesh Temple**

Built in 1708 AD, the Ganesh temple at the corner of Dupat complex has two very rare finials. According to legend, the Jyapu farming community in Dupat used to hold a special feast on Si: Guthi (still held every year in April), attendance to which was prohibited for other communities. A king in Patan was once said to be curious about the sacred procession, and set out for Dupat on horseback. On his way, he was thrown from his horse. Believing the accident to have been caused by a supernatural power, he donated the second finial to the temple.

---

15 Lachi is an open public square.
16 Resource: Mr. Hari Gobinda Maharjan.
as a plea for forgiveness.

STREETSCAPE FROM YANGU BAHAL TO KUTI SAUGAL

In historic times, Kuti Saugal was a place where people beat paddy grain to extract rice.\(^{18}\) ‘Kuti’ refers to the wooden tool used in this process. The kutis have now been replaced by the modern mill in this area that continues the rice production.

**The Chariot Maker (Site B11)**

Located at the right corner of Yangu Bahal Street leading to Kuti Saugal is the house of *Dil Kumar Barahi*. The Barahi caste comprises carpenters responsible for making the chariot for the Machhendranatha Jatra festival. This house belongs to the *naaya*, or leader of the group, who leads the team in constructing these chariots. Mr. Dil Kumar Barahi continues to practice carpentry in his home, where he has a small workshop.

**The Lokhta Painter (Site B12)**

Along this street, you will notice images of *nagh*, or snakes, as well as other auspicious signs painted on Nepali lokhta paper and pasted around the main entrances of the houses during Nagh Panchami. Similarly, images of Laxmi, the Goddess of Wealth, can be seen pasted in a sacred place inside houses during Laxmi Puja. As “*Chitra*” means picture Newari, Chitrakar is the Newari caste that paints. The main materials used in traditional painting are lokhta paper, paintbrushes, watercolor in powder form (available to purchase in a shop in Mangal Bazar), wooden blocks for printing and frames for holding the paper while painting.

Following his ancestral occupation, *Gyanu Ratna Chitrakar* paints these lokhta paper images for use in different rituals by the Newar community. Mr. Chitrakar also paints images of the *Pancha Buddha* or Five Buddhas (mostly used for welcoming new brides), *astha mangal* (a decoration for weddings and pujas), *mari kashi* (a highly decorated traditional pot used for engagement), and clay pots and vessels for rituals. Mr. Chitrakar is also responsible for painting the image of Aakash Bhairav, which is worshiped as the main deity’s image in Aakash Bhairav Temple at Kapinchhe. As the Aakash Bhairav image inside the temple is made of paper, it is changed twice a year during the full moon day of January (Magh Purnima) as well as during Dashain, the national festival in October. People come in a procession to take the painted image of the god from Mr. Chitrakar’s house to the temple. Despite playing this important cultural role, Mr. Chitrakar thinks that his traditional family occupation is likely to end with him as no one seems interested in learning these skills.

---

\(^{18}\) Kuti is name of the wooden tool used for beating rice grains.
Artisans and Architecture of East Patan (yellow line)
Annex 3: International Urban Regeneration Case Studies and Lessons Learned

International Case Study 1. Heritage Conservation Linked to Urban Regeneration in Delhi

International Case Study 2. Historic Housing Rehabilitation as Part of Urban Regeneration in Fez

International Case Study 3. Heritage Trail Project Adopts an Urban Regeneration Approach in Lahore

International Case Study 4. A Joint Venture for Historic City Regeneration in Quito

International Case Study 5. A Comprehensive Approach to Supporting Crafts Producers in India

International Case Study 6. Aid to Artisans: Crafts Production and Export Growth around the World
International Case Study 1. Heritage Conservation Linked to Urban Regeneration in Delhi

<table>
<thead>
<tr>
<th>Delhi, India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project</td>
</tr>
<tr>
<td>Partners</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Urban Regeneration Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutions</td>
</tr>
<tr>
<td>People</td>
</tr>
<tr>
<td>Places</td>
</tr>
<tr>
<td>Businesses</td>
</tr>
</tbody>
</table>

**Background and Challenges**

This Delhi area project addresses three adjacent and historically significant areas in the Nizamuddin Heritage Precinct – Humayun’s Tomb, the Sunder Nursery and the Hazrat Nizamuddin Basti. The project aims to unify the three historic areas into one urban conservation zone while improving the quality of life for the resident population. The World Heritage Site of Humayun’s Tomb is the earliest existing example of the Mughal garden tomb and is considered a precursor to the Taj Mahal. The project restored the site’s historic structures and grounds and created a visitor interpretation center. The project is also working on the Sunder Nursery, established by the British to cultivate trees for the new capital, which contains nine important Mughal-period tombs. This work is creating a much needed green space in the heart of the city by enhancing the nursery functions, restoring the Mughal monuments, and creating facilities for educational and cultural activities. The success of these two projects led to another for the comprehensive urban regeneration of the Hazrat Nizamuddin Basti.

The Basti, with a population of 20,000, it is one of Delhi’s densest settlements and contains an unusually heavy concentration of important medieval monuments. In the early 14th century, revered saint Hazrat Nizamuddin Auliya lived and was buried in the area, which led to seven centuries of tomb building as the religious sought auspicious gravesites. In this historic area today, the population suffers from low levels of literacy and employment, and inadequate access to health care, water and sewerage services. The millions of pilgrims who visit the area every year create additional strain on the area’s public utilities and building facilities.
An Integrated Approach
In consultation with its partners, the Aga Khan designed a community-centered approach to improve the quality of life for the Basti’s residents by integrating historic conservation, socio-economic development, urban and environmental improvements and a regular series of cultural activities and performances. Work began with a socio-economic analysis of the population and a spatial analysis to understand area issues in land use, transportation, open space and historic sites. However, the community was highly resistant to the monument mapping and land use planning, so other aspects of the project were emphasized from the beginning.

Socio-economic Development is a First Priority in the Basti
Socio-economic programs focused on the community’s needs in education, health and vocational training. Project efforts upgraded the local primary school and teaching approaches and offered tutoring in math and English for 14 to 16 year olds. Health issues were addressed by upgrading a local clinic, increasing public health outreach and building a pathology lab. A survey to identify demand for vocational skills resulted in a career development center and English language classes.

As neighborhood confidence in the project grew, urban upgrading activities were undertaken, including the building of community managed public toilets, improvements to streets, sewerage lines, solid waste removal systems and landscaping in open spaces. Project work on socio-economic development continued with skill enhancement in women’s tailoring and embroidery classes, training in traditional paper cutting and the creation of booths for handicraft sales at local historic sites.

In an effort to enhance the cultural life and creativity of the area and create a connection between residents and the surrounding heritage, several activities to raise awareness were supported. These included development of heritage walks and competitions for area children, documentation of artistic traditions and support for festivals and performances, especially of the famous poetry and music that originated in the Basti. Area youths were trained to undertake cultural mapping of historic buildings and give tours of the Basti and Humayun’s Tomb. Today, conservation activity is underway at some 40 heritage buildings, including an important community asset—a 13th century step-well (baoli), which is the last in Delhi that is fed by underground springs.

Lessons and Observations
- Unless social development and poverty alleviation efforts support the urban poor by means of economic growth and targeted interventions, it is impossible to fully reverse the physical decay of historic cities.

- Urban regeneration initiatives require broad public support. Low-income and disadvantaged communities are often mistrustful of government and need to see improvements relevant to their lives before they are willing to support broader project objectives.

---

19 The Qawwali music of 14th century poet-composer Amir Khusrau Dehlvi originated in the area.
• Project investments often need to include support for raising community awareness of the importance of heritage conservation and its potential to enrich their lives and provide income earning opportunities.

• Involving residents in decision making on project activities leads to realistic and widely supported initiatives (e.g., vocational programs that address resident interests and skills).
International Case Study 2. Historic Housing Rehabilitation as Part of Urban Regeneration in Fez

<table>
<thead>
<tr>
<th>Fez, Morocco</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project:</strong></td>
</tr>
<tr>
<td><strong>Partners:</strong></td>
</tr>
</tbody>
</table>

### Urban Regeneration Activities

| Institutions | Capacity building for Agency for the De-densification and Rehabilitation of the Fez Medina (ADER-Fez) including support for comprehensive studies (e.g., socio-economic and environmental assessments, and cost recovery and valuation analysis); updated GIS system; Acquisition of management information systems and equipment. |
| People | Increased cooperation with and leadership training for some 20 community organizations and neighborhood associations; 1,000 person-years of employment generated through project activities. |
| Places | 132 matching grants to upgrade 250 housing units & 107 investments to upgrade communal housing space; Rehabilitation of two key public spaces and three historic gardens; Removal of collapsed building rubble; Improvements to vehicular circulation and pedestrian ways. |
| Businesses | Ten small firms formed by local craftsmen for housing rehab; Six tourism circuits created with maps, signage and guidebook. |

### Background and Challenges

The historic city of Fez is a vibrant medina with a historic core made up of around 800 acres, over 13,000 historic buildings and a population of about 120,000 residents. A World Heritage Site since 1981, the medina is known for its unique urban settlement pattern, ingenious water supply system and exceptional architectural assets. In addition, the medina continues to play an important role as an active commercial center for the whole city. The city core has, however, experienced decades of physical decay resulting in a serious deterioration of its housing and infrastructure. This decline has been worsened by the flight of middle- and upper-income families, increasing poverty and overcrowding, deteriorating public spaces, declining real estate values and the outright collapse of historic buildings.

### Emphasis on Rehabilitating Historic Housing Stock

In 1998, the World Bank began collaborating with the Government of Morocco to conserve and rehabilitate the medina and address the poverty of residents. A major focus of the project was the rehabilitation of built heritage, with particular attention to upgrading the historic housing stock and encouraging private rehabilitation efforts on the part of residents. In addition, the project supported: (i) the creation of tourism circuits; (ii) improved vehicular access, circulation for small emergency vehicles, parking and pedestrian road networks; (iii) poverty alleviation, 20 General census 2004.
through the labor-intensive implementation of project works; and (iv) institutional strengthening for the Fez Municipality and the implementing agency ADER-Fez.

**A Matching Grant Program for Housing Rehabilitation**
A matching grant program was designed for individual house owners who were able to obtain a building permit, pre-finance and carry out restoration work for up to US$12,000 using their own or borrowed funds. In return, ADER-Fez, would reimburse the owners for 30 percent of the restoration costs. Over a two-year period, this matching grant scheme generated disappointing results – only one grant out of the 40 applications submitted to ADER-Fez was disbursed. The main reasons were local residents’ mistrust of government and a complicated ownership and occupancy situation (a significant proportion of the buildings that could benefit from the matching grant were owned by multiple private owners and were occupied by a range of users).

**A Necessary Shift in the Approach**
As a result of this slow progress, project managers developed a second housing rehabilitation program based on four main ideas:

- Emphasis on common areas of the buildings that are critical for their survival, such as terrace roofs and water drainage systems, rather than restoring individual spaces.
- No financial contribution required given the level of poverty of the local residents.
- No building permits required given the multiplicity of occupancy statuses of residents.
- Upon all parties signing a simple form, the project agency would provide skilled laborers, technical supervision, building materials, and transport of materials and rubble.
- Residents required to provide unskilled labor (one person per family living in the building being rehabilitated), who could be family members, neighbors or paid manpower.

To carry out this innovative housing rehabilitation activity, a community development unit was established to create a relationship with the existing neighborhood associations. A key role was given to these associations to mediate between the project agency and local residents, to encourage their participation in the rehabilitation and to identify priority buildings. Government cooperation with neighborhood associations created a sense of ownership and joint responsibility at the local level. As part of the agreement between the neighborhood associations and ADER-Fez, training programs were provided to their members in administrative and financial management, project design and resource mobilization.

**Improved Results**
Under the second mechanism, the average rehabilitation cost per building was US$4,500, while an intervention carried out by a “conventional” contractor would ordinarily have been five times more expensive. Some of the main reasons for the project’s lower costs are:

- Good control of technical aspects throughout the intervention process
- Better coordination between the companies working on the same rehabilitation site
- The use of unskilled labor provided by residents
- Involvement of existing local master craftsmen in the rehabilitation

At project closing, 132 grants under the original matching grant program had been disbursed at an average of US$1,000 per grant. In addition, 107 participatory rehabilitation activities under
the second program were completed in the communal parts of buildings. Cooperation with the neighborhood associations also enabled the rehabilitation of 26 pedestrian streets serving around 550 buildings. Another project success was that the encouragement of local craftsmen to form small companies providing skilled laborers or building materials resulted in the creation of 10 small firms.

These community-centered approaches have yielded highly successful and cost-effective results for the conservation of the historic housing stock. However, few individual housing rehabilitation interventions appear to have otherwise taken place in the Medina. In other words, project expectations of a major increase of individually financed rehabilitation efforts did not materialize.

**Lessons and Observations**

- Community participation is essential for the successful rehabilitation of historic housing stock. Reconciling the objectives of urban conservation and regeneration with the housing needs of low-income residents is feasible, through a process of consultation and participation in the design and implementation of housing rehabilitation initiatives.

- Community based organizations and neighborhood associations that are often external to the process of urban regeneration can be essential social actors, organizers and mediators between the implementing agencies and the resident households.

- The tenure of land and buildings is a critical difficulty in the rehabilitation of historic cities. Transactions involving historical properties are often stymied by the lack of proper property records, the subdivisions of property due to inheritance, the scattering of absentee owners, the often conflicting property rights over land and buildings.

- Regardless of how small they may be, tangible local economic benefits increase community “ownership” of sites and thus contribute to the sustainability of conservation efforts. Projects most often create benefits when they rely on local labor and strengthen local capacity to: (i) restore and preserve cultural assets; and/or (ii) participate in tourism activities that generate income.
# International Case Study 3. Heritage Trail Project Adopts an Urban Regeneration Approach in Lahore

## Lahore, Pakistan

<table>
<thead>
<tr>
<th>Project</th>
<th>Punjab Municipal Services Improvement Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partners</td>
<td>Punjab Provincial Government, The World Bank and Aga Khan Trust for Culture and Aga Khan Cultural Services, Pakistan</td>
</tr>
</tbody>
</table>

## Urban Regeneration Activities

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Capacity building for municipalities and new national-level urban sector unit; Rationalization of institutional mandates &amp; regulatory frameworks for heritage protection; GIS data base; Strategic plan for city upgrading and conservation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>Formation of community based organizations.</td>
</tr>
<tr>
<td>Places</td>
<td>Incentives for home owner improvements through technical support and grants; Public spaces and rights of way reclaimed; Street façade and street surface improvements; Infrastructure upgrading; Conservation of historic buildings.</td>
</tr>
<tr>
<td>Businesses</td>
<td>Development of a heritage tourism trail; Training of local youth in spatial mapping and traditional building trades.</td>
</tr>
</tbody>
</table>

## Background and Challenges

The Walled City of Lahore (WCL) hosts a vibrant living culture and an urban fabric with a remarkable concentration of monuments, landmark buildings and historic sites. These buildings represent cultural influences of at least three major eras: the Mughul Empire, British colonial presence, and the modern nation-state of Pakistan. Two royal complexes are recognized as a World Heritage site in the WCL – the Lahore Fort and the Shalimar Gardens.

Within the mega city of 10 million people, the WCL has a population of approximately 150,000 in a 2.5 sq. km area, making it one of the most densely populated sections of Lahore (300 to 1,700 persons per ha.) The WCL is becoming increasingly marginalized as the city expands southwards with low density suburbs and municipal negligence creates slum-like conditions in the historic core. Paradoxically, the WCL is a beehive of economic activity filled with small-scale commerce and larger-scale warehousing and distribution systems for mass produced goods (shoes and textiles).

## A Three-way Partnership

In 2007-2008, a partnership was formed between the Punjab Government, Aga Khan Trust for Culture (AKTC) and the World Bank to address challenges in the WCL. The combined work of these three groups included: recommendations to rationalize institutions and update regulatory frameworks for heritage protection; development of a GIS data base and strategic plan for city upgrading and conservation; and a pilot project to demonstrate methods and processes for the creation of a heritage trail (the Royal Route of Mughal nobility) leading from the Delhi Gate to the palace at the Lahore Fort.
The heritage trail is a “linear bazaar” comprising some of the major commercial centers serving the metropolis and the region. Work on this street consisted mostly of identifying illegal encroachments, proposing building alterations back to historic scale and form, and removing those illegally on public land and rights of way, with compensation paid in cash or in kind. Special attention was given to buildings with the most historically authentic façades and businesses that still functioned at the scale of the traditional bazaar economy.

**An Urban Regeneration Approach for Neighborhood Rehabilitation**

Work on the original goal of developing a heritage trail quickly demonstrated the need for an area-based urban regeneration approach. Several concerns broadened the work to include the residential neighborhoods historically associated with the bazaars including: (i) logistical issues (drainage catchments); (ii) visual considerations (sight lines into the abutting residential neighborhoods); and (iii) equity (the need to ameliorate the economic status of residents).

To facilitate the work, community-based organizations were created in small units related to the streets and lanes. These CBOs enhanced direct communication with residents and were extremely helpful in resolving any local conflicts and disseminating the heritage conservation values and urban regeneration goals of the program.

The neighborhood rehabilitation work consisted of: street façade and street surface improvements; infrastructure upgrading; the conservation of historic building stock; training of local youth in spatial planning and traditional building trades, and incentives for home owner improvements through technical support and grants. Pilot work was undertaken in Gali Surjan Singh lane (GSS) and was implemented directly by AKTC with its own funding. A second demonstration project in Mohammadi Mohalla lane began sometime after the completion of GSS and is being implemented with World Bank funding.

In 2009-2010, infrastructure upgrading (water and sewerage pipes and aerial bundling of electrical wires)\(^{21}\) was carried out in GSS for a total cost of US$100,000, and thirteen historic houses were conserved for a combined cost of US$233,000. Many owners were able to participate with payments made in installments spread over the period of construction, usually averaging about four months for each house. Payments were usually on time with a zero default rate. Owner equity participation ranged between 8% and 15% of the total cost of conservation. It is interesting to note that the second housing rehabilitation activity in Mohammadi Mohalla is finding that the demonstration effect of the GSS project results is convincing residents to offer higher contributions for the home improvement works.

**Lessons and Observations**

- A great deal of social mobilization and advocacy is often needed to generate neighborhood trust and interest in a housing rehabilitation program. This can be greatly facilitated by setting up community-based organizations formed around specific neighborhoods or streets.

---

\(^{21}\) Upgrading of the tangled electrical and telecommunications systems with aerial bundling cable necessitated the structural consolidation of building facades. Thus facade improvement was considered part of the public realm and eligible for public funding.
• Project experience shows that homeowners are willing to undertake home repair and maintenance work in accordance with their income levels. However, lack of technical knowledge and skills creates serious limitations for this work.

• On-the-job training in various traditional building trade skills targeting local youth in the project area or providing opportunities for home owners to contribute labor instead of funds facilitates housing rehabilitation programs.

• The demonstration effect of pilot housing rehabilitation projects is an important tool in encouraging participation in urban regeneration activities. Once improvements and success can be seen on the ground, community members are more likely to make commitments to follow-on housing initiatives.
International Case Study 4. A Joint Venture for Historic City Regeneration in Quito

<table>
<thead>
<tr>
<th>Quito, Ecuador</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project</strong></td>
</tr>
<tr>
<td><strong>Partners</strong></td>
</tr>
</tbody>
</table>

### Urban Regeneration Activities

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Creation of the Quito Historic Center Enterprise (ECH) a public-private joint venture entity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>People</strong></td>
<td>Community mobilization &amp; awareness raising program focused on social groups, educational institutions and businesses.</td>
</tr>
<tr>
<td><strong>Places</strong></td>
<td>Rehab of 269 apartments in buildings with historic or architectural value and subsidies for medium- and low-income residents; Improvement of 53,500 sq. meters of sidewalk; Upgraded street signs and street lights; Installation of 100 benches, 300 trash cans, 50 portable toilets and underground telephone cables; Construction and/or rehab of 1,370 parking places; Renovation of 2 museums, a public library and 2 historic sites.</td>
</tr>
<tr>
<td><strong>Businesses</strong></td>
<td>Rehabilitation of 25,000 sq. meters of commercial space in buildings with historic or architectural value; Negotiation and market development to relocate street vendors outside the historic core.</td>
</tr>
</tbody>
</table>

### Background and Challenges
Quito, the capital of Ecuador, was founded in 1534 and is noted as the least changed of all colonial city centers in Latin America. It was declared a UNESCO World Heritage Site in 1979 based on its fine examples of civil and religious colonial architecture from the 16th, 17th and 18th centuries.

While the center of Quito accommodated all the administrative, commercial and social activities of the city for over 400 years, in the 1950s it began to decline. Rapid urban growth and densification prompted wealthy residents to move to the more comfortable outlying areas, and high-end businesses as well as prestigious institutions soon followed suit. By the late 1970s, the center was severely degraded and characterized by deteriorated buildings, congestion, pollution and social problems, such as crime. Poorly designed rent controls and preservation policies created negative incentives for property owners who reacted by subdividing buildings to house multiple tenants, converting them to commercial uses or abandoning property altogether.

### Early Approaches to Conservation
As early as the 1930s, the public sector began work to conserve Quito’s monuments and historic buildings, including preparing master plans, creating inventories and issuing protective regulations. However, these activities failed to create strong results because they lacked stable financial support, were not integrated with wider regeneration efforts and did not draw on the participation of the private sector or the third sector.
A more proactive phase began in 1987 with the creation of the Fund for Saving the Cultural Heritage (FONSAL). Administered by the municipality, FONSAL is funded by a 3 percent tax on sales of tickets to public performances in Quito and a 6 percent share of the rent taxes collected by the city. The main obligation of FONSAL is to finance and manage the restoration, conservation, and protection of the city’s religious, artistic and cultural assets. While it achieved some success, FONSAL’s funding was not sufficient to meet the huge challenges of regenerating the historic core, leading to the development of an additional mechanism.

**Joint Venture: Historic Center Enterprise**

In 1994, with technical and financial assistance from the IDB, the municipality created the Historic Center Enterprise (ECH), a joint venture that includes the public, private and third sectors. The enterprise is legally a public-private partnership (PPP), with 90 percent funded from public sources and 10 percent from private sources. Since more than two-thirds of the funding is from the public sector, Ecuador’s *Law on Public Contracting* allows the municipality to avoid complicated procurement procedures and be more flexible in contracting with ECH and investing with the private sector.

The ECH has two stockholders – the municipality and the Capiscara Foundation, which is dedicated to conserving the city’s historic buildings and monuments. These two stockholders make up the governing council, which appoints a board of directors. Members of the board represent the three sectors, namely: (i) the public sector – Quito’s mayor (board chairman) and two members of the city council; (ii) the private sector – three prominent members of the business community; and (iii) the third sector, in some measure, represented through the Catholic Church. Appointment to the board remains largely in the hands of the municipality because there is no formal process by which the private and third sectors nominate their representatives. However, there is a plan to strengthen participation by formalizing a process for the private and third sectors to elect representatives.

**ECH Activities**

ECH focuses on projects that demonstrate the viability of rehabilitating buildings with important architectural heritage while also diversifying economic and residential activities and showing a positive rate of return. Ideally, ECH uses its funds in a revolving manner to rehabilitate structures, sell them to the private sector and reinvest in new projects.

Due to market conditions in the city center, ECH takes on a variety of roles depending on circumstances. First, ECH can function as a real estate developer, making all the investment and taking on all the risk. In principle, this is inconsistent with the objective of a semi-public corporation; however, ECH undertakes some projects in order to demonstrate the feasibility of investments in which the private sector has shown no interest, such as affordable housing. Second, ECH can enter into partnership with private investors, provide capital and take on only part of the risk. The private sector partner may contribute capital, buildings or knowledge of the market. In these cases, ECH divests itself of the investment as soon as possible in order to recover capital and reinvest in other projects. In a third alternative, ECH retains ownership of properties that are operated by private partners. This can be because there are no investors

---

22 FONSAL is now known as the Metropolitan Institute of Patrimony (IMPQ).
willing to purchase the properties or because the city thinks it is important to maintain control of the building’s use and maintenance.

An estimate in 1994 showed that about 18 percent of all investments in the historic core were from the private sector.

**Lessons and Observations**

- To plan a program that is both realistic and large enough in scope to produce significant and sustainable change requires the participation of various actors because it is rare that a lone investor can affect such change.

- The sustainability of urban regeneration depends on creating a positive environment for private investors and businesses because it is private initiative that sustains development over time.

- Reversing the urban decay of historic cities depends on the ability of the responsible agencies to secure a long-term commitment and concentrated efforts by all economic actors involved, well beyond the lifetime of a single project. Committed leadership and institutionalization of regeneration partnerships can maintain efforts through changes of government.
### International Case Study 5. A Comprehensive Approach to Supporting Crafts Producers in India

<table>
<thead>
<tr>
<th>Andhra Pradesh, Bihar, Jharkhand, Orissa, Rajasthan and Tamil Nadu, India</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project</strong></td>
</tr>
<tr>
<td><strong>Partners</strong></td>
</tr>
</tbody>
</table>

#### Urban Regeneration Activities

| **Institutions** | Artisan Cluster-level Institutions – artisan self-help groups established or existing ones strengthened. |
| **People** | Training for cluster leaders in organization building, project management and partnership development. |
| **Places** | NA |
| **Businesses** | Business training for artisans in: (i) business planning, market research and trend forecasting; and (ii) web portal development for artisan support and marketing. Support for brand development and management, e-commerce and links to exhibitions and buyers. Training for artisans in new skills and product development; Development of tailored financial products for crafts producers and other credit and insurance products as needed. |

#### Overview

JIYO, which means “Live It” in Hindi, is a program funded by the Japanese Social Development Fund at the World Bank. Undertaken in 2008, the US$1.8 M program focuses on support for poor artisan communities in India to set up their own self-managed grassroots-level institutions to develop craft-based livelihoods on a long-term basis. The program works toward strengthening the entire craft value chain and helping the poorest and most vulnerable communities to develop and strengthen their own institutions for ensuring sustainable economic linkages with mainstream markets.

#### Artisan Self-Help Groups

As a first step, the program provides the necessary capacity building, equipment, facilities and focused mentoring to poor artisan communities to set up and/or strengthen existing organizations that are fully responsive to their needs. These organizations serve as the focal point for all project activities, such as capacity building and product redesign. Focused training and technical support is provided to help artisan groups develop a long-term vision and action plan for their selected craft activity and implement that plan. Selected community members and women’s groups receive additional training in leadership, project management, negotiations, conflict resolution, accounting and procurement. In addition, help is provided in building the cluster-level institutions’ ability to foster partnerships with other artisan groups, local level authorities, NGOs and the private sector.

#### New Product Development

The program provides design and product development for the creation of new and highly marketable products. Experts who have substantial experience with artisan communities work
with master crafts producers to study their skills and traditional designs and then develop products with broad appeal and marketability. The master crafts producers receive training in making the new products and then train other artisans in the cluster through a training-of-trainers mechanism. If demand for new products warrants, the program can train additional artisans, and provide additional equipment, storage and transportation to manage the new business. The experts will use market research and trend forecasting to develop new products and these skills are explained to certain cluster members so that they can continue to have an understanding of market demands, constraints and possibilities over time.

**Community Artisan Investment Fund**

An innovative mechanism is being piloted by the program whereby experts work with artisan communities to: (i) identify the key financial constraints and services that are critical for ensuring viability and sustainability of craft production activities; (ii) design a set of tailored financial products for the craft-based livelihoods; and (iii) help negotiate and leverage a credit line from commercial banks and other private sector organizations for scaling up and ensuring sustainable operations. Possible credit and insurance products include: (i) loan products with the amount, repayment schedules and duration based on the craft activity business cycle; and (ii) trade financing and insurance for artisan clusters, such as export and logistics credit guarantees.

**Web Portal and Marketing Development**

The program builds capacity for artisans to use the latest information and communications technology in promoting their craft-based activity. This involves training for cluster members and developing a web-based craft portal that can be managed by the artisan organizations to: (i) access virtual training materials and libraries that act as a resource base; (ii) disseminate new design trends and concepts to cluster members; and (iii) facilitate linkages with mainstream buyers (including through e-commerce).

Efforts are also made to provide the critical marketing and trade support to connect the artisan clusters with mainstream markets and private sector linkages. This includes developing a craft product brand, marketing materials, and a brand management and launching strategy, including identifying specific state, national and international exhibitions and events, developing catalogues and product profiles and organizing focused buyer-seller meets.

**Lessons and Observations**

- The creation of artisan self-help groups allows for well targeted training and technical support for artisans, and allows artisans greater voice and visibility in communicating their needs. These organizations additionally connect designers, producers, and artisans as well as foster partnerships with government agencies, civil society organizations and the private sector to smooth production and marketing processes.

- In addition to supporting the existing work of artisans, experts can study the skills and traditional of artisan communities and master crafts producers to assist in developing products with broader appeal and marketability. This can then inform training for local designers and artisans as well as training-of-trainers programs that will allow for continual updating of product lines to meet changing demand and industry trends.
• Support to artisan communities should expand beyond technical assistance to include examination of the financial barriers and opportunities for craft-based livelihoods, allowing for the development of financial products and services aligned with the particular needs of the businesses and industry.

• Building artisan capacity to access and use the latest information and communications technology is critical for the successful development and promotion of craft-based activities as well as the longer-term sustainability of artisans’ businesses.

• Marketing and trade support as well as private sector linkages can play a critical role in connecting artisans to broader markets by identifying national and international exhibitions and events, developing catalogues and arranging buyer-seller meetings. Such support also help convey the importance product branding, management, and launching strategies.
International Case Study 6. Aid to Artisans: Crafts Production and Export Growth around the World

<table>
<thead>
<tr>
<th>Ghana, Hungary and Peru</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project</strong></td>
</tr>
<tr>
<td><strong>Partners</strong></td>
</tr>
<tr>
<td><strong>Urban Regeneration Activities</strong></td>
</tr>
<tr>
<td><strong>Institutions</strong></td>
</tr>
<tr>
<td><strong>People</strong></td>
</tr>
<tr>
<td><strong>Places</strong></td>
</tr>
<tr>
<td><strong>Businesses</strong></td>
</tr>
</tbody>
</table>

**Overview**
Aid to Artisans (ATA) is an international nonprofit organization focused on creating opportunities for low-income artisans around the world to build profitable businesses inspired by handmade traditions. Since its founding in 1976, ATA has worked in over 110 countries with artisans, development experts, retailers, design industry leaders and business trainers. The basic building blocks of ATA’s work consist of product development, business training, sales and marketing. ATA partners with businesses and organizations to implement their services and relies on the support of a range of public and private sector partners and individuals for funding.

**Product Development**
In most projects, ATA starts with product development. Experienced product design consultants work directly with artisan entrepreneurs. These consultants help artisans revive traditional crafts, adapt the products they are already producing or develop new lines that will appeal to the U.S. and European markets. This process always begins by building on local traditions and materials to create functional and aesthetically desirable products. Consultants also assist artisans in developing pricing structures which balance the need for a fair, productive wage and positioning within the marketplace that reflects the perceived value of the product.

For example, as one activity under a project in Peru ATA worked through the Peruvian Exporter’s Association (ADEX) with the community of Chulucanas to update designs for their
traditional pottery. In addition to new designs, technical assistance was provided to meet growing demand. Producers were trained to utilize new pigments and colors, modern clay processing machinery eliminated the slow, laborious step of preparing clay and new wheel throwing techniques were introduced, which in some cases made production ten times faster. These changes resulted in at least US$1 million of new sales annually. An important lesson from work in Peru is the fact that new designs often have technical issues that must be worked out. For example, custom rugs ordered by Sundance Catalogue were too large and heavy for women using back strap looms to produce and painted photograph frames cracked under hot store display lights. To address such problems, technical specialists began working closely with designers to ensure that products were realistic and dependable.

**Business Training**

Nearly every ATA project involves some type of formal business training or informal mentoring. Artisans normally participate in general business training including modules on costing and pricing, production planning and management, distribution, quality control, packing and shipping, billing and collecting, customer service, export documentation and international buying cycles and trends.

ATA’s original approach of mentoring young businesses with “just-in-time” information has shifted and matured to accommodate the participation of larger businesses and better educated artisans and is now also relevant to the needs exporters, craft business owners and NGO leaders. For example based on the demands of project participants for formal training in Hungary, ATA developed more formal training tools including a book entitled, *Export Manual: A Guide to Exporting Crafts from Hungary*, and a *Buyer’s Guide to Hungarian Crafts*. In Hungary, ATA also developed its concept of buyer-led product development, which is now standard practice – ATA sponsored visits where buyers spent up to two weeks in Hungary developing proprietary products with artisans.

**Sales and Marketing**

ATA links artisans to the marketplace, connecting them to local customers, importers or businesses with whom they can develop lasting professional relationships. As part of the *Market Readiness Program*, ATA explains sales and marketing concepts and systems, such as price points, quality control, display principles, and “green” products. ATA consultants also analyze artisan products for export potential and provide feedback. A central platform of ATA’s marketing activity is participation in trade shows, such as the New York International Gift Fair, the California Gift Show in Los Angeles, SARCGRA in South Africa, and Ambiente and Tendence in Frankfurt, Germany.

During a project in Ghana, ATA brought producers and products to the New York International Gift Fair, where they participated in the *Market Readiness Program*. Participants were exposed to the size and scope of their competition in the global market and provided with insights on the need for quality, consistency, precise finishing and careful packaging. ATA also brought buyers

---

25 Ghana Increasing Non-traditional Exports Program
to Ghana where Pier 1 Imports, Cost Plus and MarMaxx (T.J. Maxx and Marshall’s) bought ATA-supported designs. When ATA started work in Ghana, there was one large producer-exporter. By 2003, several of the producers had the capacity to fill orders of US$100,000 and more.

Lessons and Observations

- Collaboration between designers, technical production specialists and artisans is necessary for new products to avoid failures such as those due to inappropriate raw materials, lack of sophisticated machinery or unrealistic buyer expectations.

- In addition to supporting artisans, successful programs must include training and mentoring for local designers who will be the resource for continued updating and creation of product lines. Advocacy for the enhancement of design education programs at the university level is also important.

- Program sustainability depends on producers and exporters developing the ability to continue accessing information on trends, marketing and sales opportunities by overcoming language barriers and distance from markets.

- Successful producers and exporters realize the importance of designing to meet market demand. Even the local market and tourists can absorb only so much purely ethnic product. Moving to international design and image is vital in both local and export markets.

- Direct exposure to European and North American markets, at international gift fairs, greatly informs local perspective on the importance of quality, consistency, precise finishing and careful packaging.

ATA Program Summaries

Funding: USAID US$1.2 M; (additional US$1.2 M to Peruvian Exporter’s Association)
Activities: Exhibition at 18 international trade shows and buyer recruitment
850 days of product design and production assistance
Results: 1994 exports = US$16 M; 2003 exports = US$30 M
15,000 jobs created
Cumulative sales (US$23 million) surpass total project budget during project life. Program clients earned an average of 134% of national per capita income, whereas artisans who did not participate in the project averaged 90%.

Funding: USAID US$729,000
Activities: Exhibition at 8 trade shows
Development of Export Manual and Buyer’s Guide to Hungarian Crafts
163 days of product design
Training of 30 small businesses; mentoring and practicum opportunities
Cumulative sales surpass total project budget during project life
US$1.1 million in sales at end of project.
233 jobs created and maintained for a decade

**Ghana:** Increasing Non-traditional Exports (1993-1997)

**Funding:** Self-funding and grants US$22,000; USAID US$1.3 M

**Activities:** Direct market links; 8 trade shows; buyer visits
424 days of product design
Market Readiness Program for 30 entrepreneurs in New York City

**Results:** Cumulative sales of US$859,000 at project end; sales surpass total project budget within two years of project end.
1989 exports = US$160,000; 2002 exports = US$11 million (60% attributed to ATA and its local partner Aid to Artisans Ghana.
Artisan reported wages 155% of the national per capita income, but average three months without work.
About 12 small- and medium-sized artisan exporters created.
CASE STUDY SOURCES:

Heritage Conservation Linked to Urban Regeneration in Delhi

Historic Housing Rehabilitation as Part of Urban Regeneration in Fez

Heritage Trail Project Adopts an Urban Regeneration Approach in Lahore

A Joint Venture for Historic City Regeneration in Quito

A Comprehensive Approach to Supporting Crafts Producers in India

Aid to Artisans: Crafts Production and Export Growth around the World
Annex 4: Maps of Comparison Neighborhoods: Jhyatapo and Prayag Pokhari

Map 1: Study Area 1 – Jhyatapo
Map 2: Study Area 2 – Prayag Pokhari
KATHMANDU VALLEY URBAN REGENERATION
Summary of Focus Group Discussions in Prayag Pokhari and Jhyatapo

Focus group discussions were conducted in two neighborhoods in Lalitpur Sub-Metropolitan City, namely Prayag Pokhari and Jhyatapo. The focus groups were composed in a manner to elicit opinions from four different interest groups in both neighborhoods – youth, women, the elderly and local business leaders. Participants responded to open ended questions on the physical, economic and socio-cultural environment of their neighborhoods. Below is a detailed summary of these focus group discussions.

PRAYAG POKHARI: People’s perceptions of physical, economic and social changes in their neighborhood

Prayag Pokhari (PP) lies between the traditional town of Lalitpur (also known as Patan) and the more recently developed areas on the city’s periphery. The neighborhood is just outside the Patan Monument Buffer zone of the UNESCO World Heritage Site, which marks the ancient boundary of the city. The study area is a section of the main road, known as Prayag Pokhari Marga – connecting PP to Kani Bahal – that has traditional settlements to the south and new development to the north.

General information on physical changes:
Prayag Pokhari Marga is composed of compact 3 to 7 story row houses, displaying a heterogeneous character in terms of physical appearance and building usage. The inner traditional settlement is characterized by courtyard housing while the new development area has experienced more organic planning. This main road connects Lagankhel to Gwarko, and typically sees a heavy flow of both vehicles and pedestrians.

According to local residents, the main road was originally a three-foot wide pedestrian path. In an initiative led by local experts and politicians, it was widened some 15 years ago to tap the economic potential of the area. The area was previously farmland owned by the guthi (social organizations) of Uku Bahal near the city core. Due to spatial limitations,

---

1 The focus groups were carried out by a team supervised by Dr. Sudarshan Raj Tiwari and comprising Ms. Pragya Pradhan, Ms. Shreedhara Bajracharya, Ms. Niluja Singh and Mr. Subik Shrestha.
however, traditional residences were unable to accommodate the increasing household population and traditional property division between sons. Residents thus had to either continue living in the ancestral home or move to another area. As a result, members of Uku Bahal guthi bought available guthi land along this main street to build their homes and additionally contributed some of the land for road expansion. What is seen today is a major physical transformation following the road expansion, aiming to capitalize on proximity to Lagankhel, the economic and transportation hub of Patan. The local people who have relocated from the inner part of PP and the Uku Bahal area own the most houses on this street. Yet most of these buildings are rented out as residential units as well as for commercial purposes.

**PlACES**

Based on general observation, the majority of buildings along the main street are used for both residential and commercial purposes. Major economic activities include shops on the ground floor and rental-housing units above, as well as service-based activities like schools, colleges and offices. According to focus group participants, 70 percent of the people living in the area are local Shakyas (a caste) with small-scale metal craft workshops in their houses. The majority of the buildings were built about 20 to 25 years ago with reinforced cement concrete (RCC) technology and modern materials. A few owners have attempted to create traditional brick façades by using decorative bricks, but these buildings also have aluminum windows, which has demeaned the facade value. In general, not much interest has been given to developing a traditional look or extending the heritage value of the inner neighborhoods off the main road.

**Disaster risk and structural integrity of the buildings:**
The focus groups unanimously agreed that the new structures in PP are highly vulnerable to seismic hazards as none comply with the building codes for earthquake safety. The majority of buildings were constructed before the codes were implemented and more recent construction bypassed the regulations due to a lack of enforcement by the Municipality. The youth and women’s focus groups consider traditional technology safer than RCC as it is based on centuries-old building developed for earthquakes. However, preference for modern concrete houses is high, as they are easy, cheap and fast to construct and have greater economic return. In contrast, traditional technology is very expensive in terms of material and labor. Participants correlated a decrease in open space to increased risk, with tall and vulnerable buildings surrounding remaining ones, thus decreasing their functional value.

**Enforcement of building by-laws and regulations:**
The women’s focus group perceived building by-laws for earthquake safety as a positive step. However, these regulations were introduced after most of the buildings were built. If the by-laws were to be enforced strictly, the women thought that they could be implemented in the new buildings built hereon. However, the youth group presented a different perspective, believing implementation of these new laws will be a challenge as people are accustomed to the old norms, and reluctant to follow new rules that are expensive and limit their needs. As a result, the youth focus group felt that enforcement of these regulations would need to be accompanied by incentives and mechanisms to help people accept and follow them. This would require the Municipality to mobilize its experts and bring local people to the table to include them in discussions on the issue and make them realize the importance of such laws. Developing, or at least enforcing regulations through public participation can thus be more effective and ease implementation. Focus groups also felt that the Municipality should focus on providing proper public orientation on the regulations as well as surveillance of enforcement.

**Provision of infrastructure and public services:**
The main road joining Lagankhel to Gwarko as well as the drainage system appear to be well maintained. However, extended front steps of houses encroach on the sidewalk, obstructing pedestrian flow. And
subsequent use of the main road as a walkway has increased risk of injury for pedestrians. High traffic flow of both public and private vehicles causes frequent traffic jams during busy hours, which is aggravated by narrow and ill-maintained secondary roads that create a bottleneck effect.

According to focus group participants, shortage of drinking water is a major problem experienced for the past 5 to 6 years. This is caused by an increase in the population and an imbalance between supply and demand. Water flows for only half an hour every 5 days, so buying water from private companies is a necessity and the only alternative. The inner part of the main road near Mangal Bazar has both drainage and water problems as the old pipes have run out of capacity. The women’s group suggested solar subsidies as an alternative to address problems of load shedding. The group members were found to actively compost and reuse waste, with some also collecting and selling plastic to the Municipality.

Environmental conditions:
In PP, road widening was possible due to political leadership and vision, guiding people to be open for change. The four focus groups agreed that air and noise pollution are the externalities of a wide road as is subsequent increase in traffic flow. A hotel manager said that even though the road looks wide, access for tourist buses is difficult. This is due to the heavy flow of school buses during the morning and evening. The street lamps provide inadequate lighting and the entangled electrical wires along the street are an eye sore. It is seen as the responsibility of the Municipality to address these issues.

The local participants also said that even though the Municipality and Road Department sweep the road and collect garbage three times a week, people have retained the old habit of throwing garbage from their windows, rendering the road always dirty.

Encroachment of traditional structures and spaces, usage and responsibility for maintenance

Historic Sites:
Prayag Pokhari (Pyaa: pukhu): The neighborhood goes by the name Pyaa: Pukhu (now pronounced as Prayag Pokhari), which means wet pond. While it is now merely a cemented-over depression within a school complex – totally stripped of its heritage value – the pond retains high cultural significance for the local residents as it is where the annual festival Gai Jatra (celebrated to commemorate dead relatives) begins.

Kani Bahal and Hiti: Both Kani Bahal and hiti across the road have undergone significant alterations from their traditional look. In Kani Bahal, the structure is still intact with traditional windows, but the traditional façade has been plastered over. The edifice is poorly maintained as one can see weeds growing on the roof. An interior partition wall is visible on the second floor, which is certainly a new addition to the building and its usage. The hiti, or water spout has dried up and is barred for limited access. Instead, drinking water is sold here to the local people every day and there are water tanks and pipes available to buy.
and store. According to the youth and women’s groups, both people and institutions have encroached on traditional structures to gain economic benefit from these public properties. One example of this is the Dabali, or raised public platform in the inner part of the neighborhood, which was renovated for public use and now used by surrounding houses and shops as a walk way and sitting area. The Municipality was identified as the responsible agency to take strong action to stop such acts.

Both the Thaina Youth Club and Thaina Women’s Group have rehabilitated a pati, or traditional rest house as their office. Yet the structure has been modified to look like a modern building, having lost any trace of its original character.

Open Space:
Because PP lies on the fringe of the traditional city, there are not many traditional courtyard spaces. However, enclosed behind bars is a small green traffic island at the cross section of PP. In addition, a traditional brick paved open space in front of Kani Bahal is used for bike parking and as a display area for shops and vendors, accentuating the contemporary economic value of this traditional open space.

BUSINESSES
The economic vitality of PP is comparatively lower than the nearest economic hubs of Mangal Bazaar and Lagankhel. Though heavy vehicular movement is witnessed, engagement of pedestrians in commercial activities is inadequate because the road is not pedestrian friendly. Most of the shops are consumer based, to supply the daily needs of the local population. There are also charcoal shops catering to the needs of the metal craftsmen living in the area. The types of consumer and service oriented activities here include: stationery shops, grocery stores, pharmacies, salons, printing presses, storage warehouses, small tea shops, banks, co-operatives, schools, colleges and hotels.

Level of economic vitality and types of commercial activities:
The local people (Shakyas) say this area is “the tole (neighborhood) of craftsmen” as the majority of them still continue their traditional occupations of crafting metal sculptures. With inherited skill and formal education (one of them is a mechanical engineer), they are able to redefine their products to meet contemporary tastes. Media exposure and various communication mediums have helped expand businesses in the local and global markets. While European countries were the main importer beforehand, it is now China. Flourishing small-scale workshops within houses are leading to economic prosperity and are the main reason people are capable of investing in maintenance of the neighborhood’s public infrastructure. According to the youth group, economic vitality increased after the road was widened, and consumer and service based shops and facilities also increased. However, other business groups (especially renters) said that people use the road almost exclusively as a connector, hardly ever stopping to shop. Consequently, the visible economic vitality and the increased number of shops do not necessarily mean that business is satisfactory. Also, the flow of tourists decreased after Mahaboudha was removed from the Patan Monument Zone of UNESCO’s World Heritage Site (WHS) core area. Focus group members thus suggested that relevant agencies work on regaining this designation.

Employment opportunities for the local people:
According to the local craftsmen, they do not focus on providing employment to the local people, rather preferring those with particular skill and interest. Since the new generation is increasingly abandoning craftsmanship, many migrant workers are hired to cater to the needs of the growing metal sculpture business. This is one of the main reasons for the increased migrant population in the area. According to the hotel manager, only 5 out of the hotel’s 35 employees are from the neighborhood, with local hesitation towards such work due to the negative societal perceptions of the hotel business.
Income level and rental value:
According to the women’s and youth focus groups, income levels have definitely increased as people have expanded their traditional businesses. However, Nepal’s stringent export laws have stifled the potential increase in exports. Harassment by political groups for donations has also reportedly created an insecure environment for businessmen.

PEOPLE

Change in dominant ethnic population:
Focus group participants agree that about 75 percent of the houses in Prayag Pokhari Marga are owned by the local people of Uku Bahal, who bought guthi land to build houses in order to accommodate increasing family size. It is also believed that the other houses are mostly rented, with an estimated rental population of 30 percent. The rate of in-migration is increasing due to employment opportunities in the area and growth of the nearby Lagankhel as the main commercial and transit hub.

Preservation of heritage and continuance of socio-cultural practices:
Shakya communities in PP, who are associated with the Uku Bahal guthi in the old city core, are very active in reviving and preserving their culture, language and art. According to the locals, the strong guthi system takes responsibility for maintaining both tangible and intangible heritage. This is partially done through force, as speaking the Newari language is required. According to the youth group, the younger generations – who have modern values and life styles – are less concerned about the importance of their socio-cultural practices, feeling that they should not be forced to follow culture blindly without proper justification for continuing these rituals. Lack of research on the importance of these traditions and failure to adapt them to the changing needs of people and context has failed to convince the younger generation to uphold and promote their socio-cultural practices. Academic courses are also increasingly influenced by imported knowledge and modern culture, with people now preferring to celebrate January 1st rather than Baisakh 1st as New Year’s Day. Participants expressed a need for research-based revision of school curriculums to encourage the younger generation to preserve culture and heritage. They identified conservation of heritage as the key to developing tourism in the area.

Level of acquaintance and helping each other:
According to the women’s group, there is a strong sense of community around Thaina and Thapa hiti neighborhood near Mangal Bazaar. The value put on culture has increased recently due to realization on the part of youth of the significance of their own roots. However, these communities in PP are fragmented from the inner part. The youth group noted lower levels of acquaintance in PP due to people adopting different, more individual rather than community-oriented lifestyles, less interaction with renters and loss of dominance of a specific cultural group as people relocated from their neighborhoods to new areas. The business group, comprising of individuals renting in the area, expressed absence of unity at the social level in PP as the Shakyas from Uku Bahal are associates to guthi of Uku Bahal (inner area near to city core) and less engaged with people in the area.

Level of safety:
Farmland around PP used to be unsafe, dark and infested with drug addicts. With increasing numbers of houses and the widening of the road, however, the security condition has improved. Still, people agree that the security level is now again declining due to an increase in new or migrant populations in the area. Disturbances from rental units are a common occurrence. One of the buildings has 55 rooms rented, with fights commonly leading residents to call the police. According to one participant, bells have been placed in the inner part of the city around the Uku Bahal area to alert people of emergency situations like theft or to issue a call for a mass gathering.
Types, activities and capacity of social capital:
Everyone expressed concern over the absence of social organizations in the PP Marga area, as most of the local residents are associated with committees and the Uku Bahal guthi near the city core. Public participation in social issues and interaction with renters is minimal. As it is difficult to gather people together, only a handful work on solving problems in PP while most others simply comply.

According to the youth focus group, the migrant population in PP is struggling to improve their circumstances, but have a hard time in this due to a lack of social connections. So while physical development is a prominent result of urbanization in modern areas like PP, social development lags behind.

Participants felt that the focus should be on developing social capital, engaging people to address issues at the community level and guiding development for the betterment of all stakeholders. Residents also stressed the importance of providing personal development opportunities for local people, so that they can grow. It was generally believed that this can be accomplished by developing communication skills, establishing social connections, and creating exposure to, and interaction with various committees and agencies. The women’s group also expressed the need to bring a Teacher’s Learning Center (TLC) to municipality, which are now limited to villages only. They want to establish a TLC in the area for supporting education, which is deemed vital for women’s empowerment.

Causes of urban development in Prayag Pokhari

PLACES:
Possibilities of new development with modern facilities:
- Earlier a farmland on fringe area of the traditional city, land was abundant for new development.
- Construction of wide road connecting Lagankhel with Gwarko, now a major connector.
- Provision of better drainage services to support a growing population in the area.
- Absence of Monument zone by-laws, so development of RCC structures was easier, faster, economical, and had high economic return in terms of space.

Close proximity to Lagankhel and Mangal Bazaar, economic and transportation hubs of Patan:
- Increase in economic activities to capture spill-over effect of the economic hubs.

PEOPLE:
- Presence of political leaders with vision and the will to develop PP. As an initial step, they assisted in road widening by convincing people to contribute their land.
- Majority of population is Shakya (higher/richer caste) who can afford to contribute land for development.

BUSINESS:
- Traditional craftsmen building upon their ancestral occupation of metal sculpture crafting and ability to adapt and expand it to meet the contemporary taste.
- Growth of both consumer-based and services-oriented economic activities with increase in flow of people.
- Establishment of tourist centric services like hotels to attract visitors are doing good business and providing employment to the local population.
JHYATAPO: People’s perception of physical, economic and social changes

Jhyatapo is an example of a traditional neighborhood with important monuments such as the Lalitapur Pati and Lalit Stambha. Jhyatapo’s main street is located between two of the city’s most highly visited monuments, the Golden Temple (Buddhist) and Kumbheshwar Temple (Hindu). However, the neighborhood has not been able to accrue spill-over benefits of tourism from the two neighboring monuments or highlight its own assets (monuments and streetscapes) to capture the attention of either domestic or international tourists.

General information on physical changes:
Jhyatapo’s main street, joining Konti with Mahapal, lies in the Patan Monument Zone of the UNESCO’s World Heritage Site (WHS) core area. The morphology of the traditional streetscape has not changed much over time. The street is composed of compact row houses of four or more stories in height. Most of these houses display a traditional character with carved wooden windows and kachi apa facades, or sun dried bricks. However, almost all the buildings show signs of vertical divisions (to allow each son to own part of the land), concrete slabs and corrugated sheets extending over decorative wooden windows, and modern materials on the facades of the incremental floors that contrast with the lower floors. Of the new buildings, only four have tried to maintain a traditional look by using decorative oiled brick and wooden windows pasted onto a concrete structure. The important buildings with higher heritage value, at either end of the main street were reconstructed in a modern style before the building code for monument zone was implemented, which has demeaned the value and harmony of the street.

The inner courtyards of Jhyatapo do not fall in the WHS core area and show significant traces of structural transformation as compared to the main street. Varieties of traditional, modern and mixed construction buildings are abundant here. Some traditional buildings are in a dilapidated condition while others have been reconstructed using RCC and modern materials, disrupting the area’s spatial harmony.
Buildings in the neighborhood were once the homes of the farming community, but are now rental units to meet the increasing demand for housing from migrant workers. Focus group participants believed about half of the total population living in Jhyatapo to be renters. The majority of houses along the main street have provision for tourism-based handicraft shops on the ground floor. Some have workshops for small-scale metal sculpture, one of the major occupations that has substituted for farming in the neighborhood. According to the Tole Sudhar Samiti (TSS) community development organization, the economic drive to maximize benefits from houses has destroyed the homogeneity of the physical surroundings. While the street once consisted of traditional houses with similar façades, tall buildings have come to replace many of them.

**Disaster risk and structural integrity of the buildings:**
Based on observation, some houses made of kachi apa brick show signs of vertical cracks. Earthquake risk has increased as a result of: (1) traditional buildings having been retrofitted with improperly braced concrete overhangs and incremental floors using modern materials; and (2) RCC houses adjacent to old homes in the inner courtyards having inappropriate overhangs. The major concern during earthquakes is the lack of good escape routes – passageways connecting inner courtyards to the main street are narrow and go underneath other buildings, running the risk of trapping people during evacuation.

The focus groups unanimously agreed that structures in Jhyatapo are at high risk from earthquakes. Both TSS and the women’s group considered traditional technology to be safer than RCC as it is based on centuries-old technology developed for earthquakes. However, traditional technology and materials are expensive, leading most to choose RCC structures, which have a life span of 100 years but will increase risk in the long run. The elderly and business focus groups identified old houses that survived the 1934 earthquake, but which are now high risk due to lack of maintenance. All groups expressed concern over the lack of open space due to an increase in building and population density and unsafe escape routes, citing them as major elements of growing earthquake risks. TSS was aware that the increase in paved surfaces has resulted in a decrease in water recharge and water level in wells, which can be a major life saving resource after an earthquake. People stressed that many buildings were constructed before the introduction of building regulations for earthquake safety, and explained that the Municipality has not been able to enforce the regulations in new structures.

**Enforcement of building by-laws and regulations:**
There is a blanket building regulation for earthquake safety in Patan, but groups say that the Municipality cannot enforce it, which has increased vulnerability in the area. Since the main street of Jhyatapo falls under the WHS Core Area, buildings are required to maintain a traditional architectural style and height. However, modern concrete buildings at either end of the street and incremental floors with modern material on the old ones have disrupted the harmony of the streetscape. The four groups expressed different opinions on this law. TSS thought that height limitations could not satisfy the spatial needs of growing family size. According to the elderly group, the law was implemented too late because modern RCC buildings were built 30 years ago. The women’s group suggested that the Municipality provide information on material, labor and subsidies to incentivize people to start following the by-laws. And the business groups identified the law itself as the major cause for the physical decay in Jhyatapo, explaining that the high costs of traditional construction technology and materials and subsequent low economic returns from the buildings prevent people from following the regulation.

**Provision of infrastructure and public services:**
Based on general observation, Jhyatapo needs to address the issue of drainage and maintenance of the main street between Kumbheshwar and the Golden Temple. The street is currently bumpy with uneven paving, and the two and four wheel traffic poses a risk to pedestrians.
All four groups identified sanitation and drainage as their major problem. The old open-drainage system (without latrine connections) was replaced with hume pipes and sewerage connections. However, the Municipality also connected drainage from Ga Bahal, Pulchowk and Shanta Bawan to this line, which exceeded its carrying capacity. So every year during rainy season, the main street floods like an open drain. People have attempted to replace old pipes with new ones, but the problem is not a local one constrained to Jhyatapo. People living in Kumbheshwar area have opposed the laying of new drainpipes since this would require taking down houses and schools that have been built over them. With Konti lying on low land, people were scared that a high force of water would damage their structures. Since the issue extends beyond the territory of Jhyatapo, people want the Municipality to resolve this conflict and take forceful actions if needed.

The women and business focus groups emphasized the dilapidated condition of the street as a major factor limiting the potential of Jhyatapo to be a tourist attraction point. Despite the tole, or neighborhood conducting maintenance, it is washed away by floods every year leaving the roads bumpy and uneven. Unwanted traffic also creates a nuisance by increasing pollution and risk to pedestrians. Both the TSS and business focus groups suggested making the street to pedestrian friendly, allow locals and tourists to walk safely and comfortably. The business group additionally suggested that the Municipality provide tourist centric services in the area to cater to the needs of tourists.

Water scarcity is another problem, which was aggravated after the Konti hiti, or water spout dried up. People have sought deep boring and wells as alternatives. According to one respondent, the people from Kumbheshwar blamed the construction of wells and boring in Jhyatapo for the drying up of their hiti. This resulted in the forceful removal of a boring machine and buried wells. People in Jhyatapo could not stand up to such a forceful act due to the low number of local residents present to stand up for their rights. This special Newar cast (regarded as harsh), concentrated in the Kumbheshwar area, is also dominating and suppressing people in Jhyatapo. Focus group participants expressed strong need for the Municipality to understand these differences and the conflicts between two neighborhoods, and plan accordingly.

As for electricity, people suggested subsidies for solar energy as an alternative to addressing the increasing frequency of transformer explosions.

**Environmental conditions:**
People have experienced an increase in air and noise pollution as an externality of increasing vehicular flow in the area. High traffic-flow days are Thursday and Saturday, as devotees flock to worship at Kumbheshwar. The numbers of two-wheelers owned by the residents have increased, with vehicular movement in this narrow bumpy street causing traffic jams and increasing risks to pedestrians. Tangled electrical wires along the street have also degraded the beauty of streetscape, and there are very few street lamps.

**Encroachment of traditional structures and spaces, usage and responsibility for maintenance:**

**Historic Sites**
- *Lalitapur Pati:* Lalitapur Pati, or traditional rest house, is a significant monument in Jhyatapo. It shows signs of physical deterioration with vertical cracks, bulging walls and settled floors that have increased its structural vulnerability. Structural alterations like the replacement of the terracotta roof tiles with corrugated sheets and addition of metal grills to prevent misuse have disfigured the structure and demeaned its heritage value and purpose. However, the concept of conservation has gradually changed with time, rendering the younger generation more aware of ethics and knowledge.
on preservation. Since this rest house serves various social and cultural functions such as meetings, parties, elderly classes, trainings, etc., its renovation is currently the main agenda of the TSS.

- **Lalit Jyapu’s Monolith and Pati:** Lalit Jyapu’s Monolith, or a legendary figure and the rest house next to it are structurally intact with visual signs of modifications, such as the use of modern materials (cement floor and new concrete pillars in the pati). The rest house has metal grills to store first-aid boxes provided by the Red Cross. Passersby rarely notice these important monuments as they are not highlighted.

**Open Spaces:**
The inner courtyards along the main street are not well maintained except for one with a *Nasa dyo*, or shrine and another leading to Ikhachen. Some are used for storage purposes and are overgrown with vegetation. One reason for this deterioration may be the dominance of the rental population living in these areas, which lacks significant concern for courtyard conditions. All four focus groups are confident that traditional structures have not been significantly encroached upon; however, the women’s and business focus groups identified private parking in open public spaces as a problem. Parking is not well managed, leading to conflicts when people want to park in these areas. The women’s group thus suggested instituting a parking fee to collect money for maintaining the space.

A courtyard near Tapa hiti is an outstanding south-facing open space with many traditional elements like pati, chaitya and a well. Only local residents around the courtyard use this space to carry out daily household chores and social gatherings. But one can see modification of traditional houses as a consequence of property division between brothers. One of the patis has been reconstructed as a modern shelter, having lost its traditional look.

**BUSINESSES**

Based on general observation, most of the houses along the main street have provision for shops on the ground floor (most are tourist oriented), whereas the upper floors are used for residential purposes. The flow of tourists along the road is adequate, but tourists rarely stop to shop or take an interest in looking around the buildings. One reason may be the poor street paving and number of vehicles. This means that people must pay close attention in order to walk safely. Also, the shops are not selling anything significantly different from any other shop in Patan, making it difficult to attract tourists’ attention. The types of shops on the street include handicrafts shops (selling masks, thanka paintings, wood, accessories, garments, statues, etc.), a grocery store, a butcher shop and a CD shop. The inner courtyards are dominated by rental residences.
Level of economic vitality and types of commercial activities:
The four focus groups stressed that the numbers of shops on the main street have increased while the level of economic vitality and flow of people has decreased. Road conditions were identified as the major reason for this decline as the roads are not pedestrian friendly and as there are alternative and better roads that lead to Kumbheshwar.

Farming used to be the main occupation of the Tandukars. With decreasing farmland due to houses being built or the land being sold as well as the lack of irrigation in the new town planning area, people can no longer depend on farming for their livelihood. Renting rooms and houses is thus regarded as an economic activity. Some people have also switched professions to metal work, opening small metal sculpture workshops in their houses.

Employment opportunities for the local people:
Not much attention has been given to providing employment to local people. Local craftsmen stressed their preference for skilled and/or interested people rather than those in their locality and caste. However, 20 men in Jhyatapo have formed a group to start community businesses. They have thus far started a car service store in Shankhamul – although their technicians are not from this locality – and are planning on opening a restaurant.

Income level and rental value:
Though the income level has increased, the level of residents’ income remains unsatisfactory as the value of money has decreased and things are expensive. Any increase in income has been counter balanced by increases in the price of goods. The economic status of people has thus not changed – they still need two jobs and multiple sources of income for their livelihood. Since business has not been able to flourish, the rents are low compared to other neighborhoods.

There are small-scale economic activities in Jhyatapo. For instance one person supplies diyo (traditional light using ghee), which is sold to the devotees in Kumbheshwar. Mr. Gyan Raja Shakya has a small mask shop along the street, which has been his ancestral business for the past 60 years. These small-scale activities are livelihoods, which usually go unnoticed, but could potentially attract both tourists and investment.

PEOPLE

Change in ethnic dominant population:
The focus groups agree that more than half of the total population are renters, and the population of the dominant ethnic group (Tandukar) has significantly changed. The driving factor for local people’s relocation is lack of space catering to the spatial needs of increasing family size. These people have moved out by constructing new houses on their farmland near Chakupat and Jwagal. At one time, demand for rental units was high in the area due to availability of water (Kumbheshwar hiti) and jobs. At that point, renting out houses was an easy source of income for the locals.

Preservation of heritage and continuance of socio-cultural practices:
According to TSS members, the organization takes responsibility for addressing community issues including preservation of heritage. They expressed dissatisfaction with the limited participation of others in the area, who see an opportunity cost in giving their time to social activities. Before, when there was a guthi system, gathering people together was easy as they had to obey orders of the seniors. Since committees have replaced the guthi, people generally see it as the responsibility of TSS to handle local issues. Bringing people together has thus become a challenge. The women’s group explained that there is
a strong sense of ownership among women and the younger generation, while both the women’s and elderly focus groups identified the TSS as responsible for preserving heritage.

TSS members – who are mostly young men – view cultural practices that do not contribute to contemporary life as irrelevant. They were vocal about discontinuing such activities, because the younger generation is busy managing their lives. For instance, bhajan mandala, the group singing devotional songs – which does not fall under the guthi system – has ceased as elderly people who were engaged in this have either died or moved out, and there was no support for its continuance from the younger generation. The elderly focus group participants, however, expressed confidence that their guthi system is capable of exerting social pressure on the younger generation to participate in social activities. And they suggested that people failing to participate could be fined. One of the major events in the neighborhood is a feast during Bhimsen Jatra, which has the main objective of building and maintaining social connections.

Level of acquaintance and helping each other:
The TSS, women’s and elderly focus groups agreed that there has been a decrease in the level of acquaintance in the community due to: (1) relocation of the local people, (2) an increase in the renter population, and (3) changes in lifestyle as people have limited time for social activities. However, the members of the business focus group – who do not belong to the community committee – said that there is a lack of social bonding due to them being excluded from community activities. They reported little exchange of information or suggestions with the TSS. Renters and businessmen who work in the area are not included in social activities or decision-making processes to address communal issues. However, all focus group participants agreed that people come together to help each other when needed.

Level of safety:
While all four groups considered Jhyatapo to be a safe place, they felt that safety had deteriorated due to the expansion of the rental population and an increase in unknown faces. Cases of theft, for instance, were noted to have increased. Members of the women’s group believed it to be the responsibility of each household to take care of their own safety.

Types, activities and capacity of social capital:
TSS is the major committee active in resolving conflicts and maintaining the neighborhood’s physical structures and facilities, including maintenance of the road, drainage, rest house, and street lights. According to TSS members, they seek advice from seniors so as to avoid conflict, but other committees and local people are free to oppose their decisions.

The women’s group reported being focused on the social development of women in the community by establishing a co-operative for banking and lending money. They also reported conducting training on income generating skills.

Participants in the business focus group said that there is a concentration of one specific caste in the TSS. Even those with a home in the area but who do not belong to this caste were said to be excluded in the decision-making process. The use of the Newari language during TSS meetings is required and a barrier to communication for many residents. Lacking interaction with the TSS and being excluded from various activities, the business group expressed the need for a business committee to raise their visibility in the neighborhood and give them a collective voice for addressing their issues in the community.

On earthquake preparation, both the TSS and women’s focus group said that it is a challenge to implement preparation measures. One TSS member who is a Red Cross volunteer expressed difficulties in gathering people and convincing them to volunteer for training. The women’s group expressed challenges in implementing and continuing preparedness practices due to economic constraints. They also
highlighted that people do not take seriously the risk of an event that they have never experienced in their lifetime. The business group has not participated in any training, and was not informed about the presence of a Red Cross box in the Pati.

Causes of urban decline in Jhyatapo:

PLACES:
- Traditional morphology and system trying to fulfill contemporary demand of growing population
  - Vehicular movement in a traditionally pedestrian street resulted in an increase of air and noise pollution, damage to paving materials, road blockage, and risk to pedestrians.
  - Vertical division of traditional structures increased risk from earthquakes and decreased heritage value of the structures. Example: Lack of bracing on overhangs, use of modern materials.
  - Drainage problem caused by diversion from other areas, outrunning the capacity of old pipes.
  - Frequent explosion of electricity transformers resulting in disruption of power supply, even in the absence of load shedding. Entangled electrical wires increasing risk and disturbing view.
  - Scarcity of drinking water caused by drying of communal Kumbheshwar water source, with an increase in population alongside a decrease in water supply from the authority (which also smells).
- Increase in earthquake vulnerability
  - Inability of the Municipality to strictly enforce building codes, lack of orientation to properly use traditional technology and materials.
  - Presence of old houses that are not maintained properly.
  - Apathy of people to implement lessons learned from disaster preparedness trainings.
  - Decrease in open spaces and unsafe escape routes not marked that go underneath old houses.
  - Increase in population.
  - Decreasing water level in wells.

PEOPLE:
- Socio-cultural changes, resulting in increasing social disconnection.
  - Migration of the original residents, increase in rental population.
  - Exclusion of renters and business owners from community activities.
  - Change in lifestyle and less value placed on socio-cultural rituals by younger generation.
  - Change in community system, guthi replaced by different committees (TSS, women’s group).
- Conflict between neighborhoods: Prevalence of traditional caste system and dominance of specific group causing obstruction in reconstruction of drainage system, which results in floods during rainy season and damages street paving every year.
- Lack of a political mobilizer in the community to build relationship with the municipality and use the right channels to access funds for maintenance of infrastructure and restoration of important monuments in the neighborhood.

BUSINESSES:
- Decreasing economic vitality and inability to capture economic benefits from tourism
  - Lack of proper infrastructure (road, drainage, vehicular movements).
  - Lack of tourist centric services.
  - Inability to build upon assets like Lalitapur Pati, Lalit Jyapu’s Monolith.
  - Exclusion of businessmen from community activities, not being able to encourage and facilitate their contributions.
- Unable to increase income level and economic stability
  - Change in traditional occupation from farming, which is still in transitional phase.
- Dependence on rent as a source of income; rents are kept low and cannot contribute to economic betterment.
- Limited opportunities for employment at the local level.

### Comparison between two neighborhoods: Jhyatapo and Prayag Pokhari

The PP area was planned for new development and caters to the expansion of the traditional town. It went through major physical alterations (widening the road and installing an adequate drainage system) in order to connect this peripheral area to the growing city hub. Because construction in the area was not restricted by being inside the World Heritage core, the building code allowed construction of new RCC buildings that could accommodate a variety of businesses. The area shows visible signs of growth, but also faces various issues such as a shortage of drinking water, pollution and encroachment of public space. In Jhyatapo, the streetscape and building morphology is still based on the traditional town system. It has visible signs of physical decay as an increasing population, changes in lifestyle, and contemporary needs stress the physical structures and infrastructure. Residents of both areas felt that their neighborhoods are at high risk of earthquake disaster, as most of the buildings were constructed before the introduction of the building by-law for earthquake safety.

Since PP does not have a TSS or any other community groups, local issues are solved by a handful of people who have a good rapport with the Municipality. Although the area remains inhabited by a majority of the original residents, they are associated with Uku Bahal Guthi in the inner city neighborhood, and have very little interaction with the renters in PP. Focus group participants in PP expressed feeling a lack of social bonding and a lag in social development.

In Jhyatapo, there is a well-established TSS that addresses social and physical issues and there is a strong women’s group as well. Some focus group participants in Jhyatapo felt that the neighborhood has a close-knit and strong community. These participants are probably members of the predominant caste in the neighborhood, however. There was some dissatisfaction among other stakeholders – such as the businessmen and renters – who expressed feeling excluded from community activities.

Some businessmen in PP reported decreasing economic vitality on the main road due to its primary use as a connector, it not being pedestrian friendly, and it lacking the variety of shops that can engage people along the road. However, tourism industries like traditional metal crafts and hotels are satisfied with their growth and are planning to further expand their businesses. In the case of Jhyatapo – which is mainly focused on tourism-based businesses – participants reported a loss in economic vitality along with minimal economic benefit from their businesses. While the flow of tourists was deemed adequate, the community has not been able to accrue significant economic benefit from this, with the shift away from the traditional occupation of farming still in a transitional phase.
The development of cultural heritage walking tours can be an effective strategy for urban regeneration. The following is the initial documentation and description of two routes currently being developed in Lalitpur. Cultural heritage routes, if strategically identified, can generate positive partnerships and activities, such as infrastructure upgrading on the part of local authorities (paving and signage); heritage conservation by communities (housing rehabilitation and façade restorations); and promote small businesses (artisan workshops and restaurants). Cultural heritage routes are also instrumental in: (1) easing the pressure on heavily visited sites; (2) providing more channels for marketing municipalities; and (3) disseminating the benefits of tourism across a wider area.

The walking tours are being developed by a team supervised by Dr. Sudarshan Raj Tiwari and comprising Ms. Pragya Pradhan, Ms. Shreedhara Bajracharya, Ms. Niluja Singh and Mr. Subik Shrestha.
Heritage Route A: HINDU AND BUDDHIST HERITAGE OF EAST PATAN

According to legend, the beautiful Lalitaranya Van forest was cut to make space for human settlement. The city of Lalitpur or Patan – named after this forest and meaning beautiful city – is known for its rich cultural heritage, particularly its tradition of arts and crafts. The city is divided into spatial units or neighborhoods called toles, and is characterized by particular communities inhabiting certain sectors of the city. Among the many interesting areas of Patan, this route has been developed to highlight the traditional lifestyles and important Hindu and Buddhist heritage in East Patan.

Starting your walk from the bus park and turning left, you will enter the east side of Patan, which contains invaluable remnants of the earliest settled areas of the city. Walking along the busy road, you will come across the Jyapu Academy Building or Jyapu Pragya Bhawan displaying materials and form of the traditional Newari architecture, which is adapted to meet modern needs.

JYAPU ACADEMY BUILDING (A1)

Constructed by the Jyapus, or farmer community, of Patan in collaboration with national and international donor organizations, the Jyapu Academy Building is the city’s cultural center. The farmer community plays a prominent role in the Newar society, having preserved its own indigenous culture. As a cultural center, the Jyapu Academy seeks to preserve the language, costumes, arts, literature, life style and tradition of this indigenous group. It also conducts research on social origin and cultural creation, and how the advancement of the agricultural, health, and educational, economical, industrial, intellectual fields are changing the lifestyles of the Jyapus. Various cultural heritage items are preserved and reconstructed, including temples, bwongaa (natural wells), chapaa (community houses for feasts and festivals), dyo chhen (deity houses), and kha (man carry-chariots).

The four-story cultural center has plenty of open space in front that can be used for parking, exhibitions as well as various outdoor games. The building is a modern representation of traditional Newari architecture, with carved doors and windows, a sloped roof built with traditional clay tiles, and chika appa, or wedge shaped polished bricks. The cultural center has a number of halls and galleries, with a Newari Museum on the basement level that will provide any visitor with an understanding of Newari culture, tradition, and lifestyle.

BHOLA DHOKA AREA (A2)

Continuing on the main road from Jyapu Academy, you will come across the Bhola Dhoka area, or Lhoo Lai Dhoka as the indigenous elderly Newars call it. The area was named dhoka, or gate, because of the stone gate that once stood here, believed to have been the eastern entry point to the ancient town of Patan. While the stone foundation of the historic gate remains present, it is covered by the pitched road and drainage system.

BHOLA DHOKA HITI

While the gate at Bhola Dhoka is hidden, a traditional hiti, or water-spool can be seen at the junction. A few years back, a performer at the Macchendranatha festival discovered this Bhola Dhoka spout after claiming to learn about its existence through a dream. Following his claim, an excavation conducted by the community uncovered the spout and thus an important piece of the community’s cultural heritage.
As you continue ahead, you will see a wider brick paved area on the right side of the road. Not to be confused with footpaths, these areas are the farmers’ dedicated spots for drying their grains after harvest.

**SLAUGHTER AREA (A3)**
The slaughter area characterized by its burnt brick pavements is located in front of the house of Mr. Sunil Khadgi. Continuing the traditional family occupation, Mr. Khadgi is a butcher. He slaughters 2 to 3 buffalos brought from Kalanki, Kathmandu every day. He usually finishes before 8 in the morning, after which he sells the meat to local shops.

The walkway where the slaughtering takes place is fairly clean and offers an interesting look into traditional town planning that was based on caste. Social hierarchy was a major determinant in planning of old settlements. Dwellings of members that belonged to upper castes were located near the center of town while lower castes were found more at the periphery near river banks or the city fringe. In lower caste areas such as this one, you will not see bahaal, or Buddhist monasteries built during the Malla Period, important temples, or structures that exist in other parts of the city. The lower caste acted as a guarding army for the higher caste, using khadga (or swords) as weapons, thus coming to be called Khadgi. Over the course of time, many of these people became butchers instead.

**CHAI TYA AT CHYAGMA (A4)**
The motifs seen on this 17th century terracotta chaitya, or shrine, at Chyagma resemble those of the famous Mahabouddha Temple, also known as “the temple of a thousand buddhas”. According to Gutschow, the components of this shrine are the most exuberant and delicate of their kind. A pair of makara (crocodile) rests on pilasters, with the kalasha (vase) and amala (fruit of immorality) motif below and above to support the cusped arch and the peculiar stepped fame. Foliage that rises in steps, towards the surmounting element of the Wheel of the Law, triangle, lotus throne and vajra.²

While the whole structure is made of bricks, the dome and base have been cemented over. It is believed that the structure was erected to cover the mud mounds from which the terracotta components of the Mahabouddha temple were formed.¹ A member of the Patan potter community, Mr. Krishan Awale claims that his ancestors who made bricks for the Mahabouddha Temple also brought some extra to build this shrine. The extended Awale family living around the courtyard remains the main clan associated with the shrine. They celebrate the yearly Busa da: puja (a day to worship the shrine) on the day of the October full moon, Kartik Purnima, and observe the Mataya, the festival of lights, to commemorate dead relatives. At the Mataya festival celebrated in August, people walk in a line to worship all shrines in the city.

You will notice two typical types of plants around the courtyard. On the west side of the Chyagma shrine there is a Sina Swaa tree used for worshipping gods and goddesses. There are also spiny branches over the boundary walls. Commonly seen on the boundary walls of residences, these thorny plants have traditionally been used as a natural security mechanism to prevent intrusion.

**CRAFTSMAN’S HOUSE (A5)**
Made from sun-dried bricks, mud mortar and constructed in a traditional structural system, the 45-year old Craftsman’s House is one of the few remaining traditional Newari houses in this fringe area. With storage on the ground floor, a narrow wooden staircase leads to a bedroom on the first floor, metal workshop on second floor and a kitchen on the top floor. The house belongs to a metal sculpting family of the Khadgi community, who shifted away from their ancestral occupation of animal herding and slaughtering 17 years ago.

---

While it had for long laid in dire condition, an NGO has helped in paving and maintaining this street for the past 12 years. Outside of the main areas in the city core, streets have not been paved, remaining largely neglected as fringe settlements not prioritized in the city’s development and beautification efforts.

CHYASAL COMPLEX (A6)
Exiting the neighborhood of Khadgi, the route opens up to the important public space in Patan, Chyasal Complex. Chyas, meaning eight hundred in Newari, is believed to commemorate the eight hundred Kiratas that fell here.4

Below are some of the important components of Chyasal Complex:

Chyasal Dabu (A7)
According to historians, a battle took place in Chyasal in 250 A.D. between the invading Lichchhavi army and Kiratas, the ruling dynasty of the Kathmandu Valley.5 800 Kirat soldiers are thought to have been beheaded on the battlefield by the Lichchhavis during the last period of Kirat rule. And the soldiers’ heads were believed to be buried under this dabu, a raised platform besides the Ganesh temple. A local legend ascribed a different story to Chyasal Dabu centered around the locals’ fear of the Kirat rulers. According to this legend, the Priest of the Golden Temple (Hiranya Varna Mahavihara) sent his son to perform his daily rituals, and the child who was gifted by God with enchanted milk that turned into bees attempted to escape to the Bagmati River, the 800 soldiers were beheaded by the local people and buried at Chysesa Dabu. The Chyasal Dabu is also referred to as Ghar Ghur Dabu because of its believed mysterious powers.

This Chyasal Dabu is a raised 5 by 5 foot platform with a Shiva Linga mounted above it. Shiva Linga is usually built in memory of the dead, so this cultural tradition may have similarly been followed by the Lichchhavi rulers at that time. Another theory of the use of a Shiva Linga here centers around Emperor Ashok, who built numerous Ashok shrine and megaliths after coming to regret his past killings of such large numbers of people.

Every year in the month of October, a small group of people gathers at Chyasal Dabu at midnight to perform religious ritual and have a feast.

Gaja Laxmi Statue in Nayo hiti (A8)
A steel cage protects an ancient statue of Gaja Laxmi, or the “Goddess of wealth”, elegantly standing at ground level to the right of the hiti, or water-spout with a lotus flower in hand. The stone carving is worn, with two barely visible elephants (gaja in Sanskrit) almost floating above Laxmi’s shoulders pouring water for her. Some believe the statue to be from 250-280 BC and locals claim it to be the first stone sculpture of Nepal, which was followed by development of prominent stone craftsmanship in the country. According to eminent Nepali artist and art historian Bangdel (1982), the image of Gaja Laxmi is to be of first century BC. The Nayo water-spout dried up about 7 or 8 years ago, with one local attributing this to the construction of nearly 80 wells around the Chyasal area that may have blocked the veins of the water supply system.

---

4 Ancient Settlement Of Kathmandu Valley [pg. 14].
5 Lichchhavi period is from 1st to 9th century.
Bhairav Sattal/Awah Guthi Chapaa⁶ (A9)
Bhairav Sattal⁷ is one of the biggest structures in the court, believed to have been made from a single tree. Distinct features include the huge terracotta roof and row of lattice windows, as well as the open plan on both floors that caters to mass gatherings. This community building displays Malla era architecture, and has icons of gods Bhairav, Nasa dyo and Ganesh.

According to local custom, people of lower castes as well as menstruating women are prohibited from entering the building. And during gatherings, the first scoop of food should be offered to the god before anyone tastes it. It is believed that if this is not done, people will face fatal consequences.

The Awales, who comprise the local pottery making community, use this building for community gatherings of up to 1,500 people. Such gatherings are mobilized around guthi,⁸ or social organization, functions for people belonging to a particular neighborhood and caste, during the annual dewali puja or community festival, and to celebrate the commencement of the community’s Thakali (eldest person) and Naaya (leader).

While Bhairav Sattal can be renovated, floors cannot be added. The building adhering to the community building is used for storing ancient clay utensils made by the Awales. One masterpiece held here is a 355-year old jharon, or water reservoir made of clay, as opposed to the usual material of stone.

Jhyalcha Kenigu (Shadow Drama) (A9)
Since the period of King Yog Narendra Malla of Patan, the Awale potter community has been performing Jhyalcha Kenigu – a shadow drama – from the first floor window of the Awah Guthi Chapa the day before the September Indra Jatra festival. As the King was passing by Chyasal, he was said to have seen a Byanjankar woman bathing near a well. He noticed bumblebees on her clothes, which were believed to be auspicious. Regarded as a woman of good fortune, she became King Narendra’s second queen. Due to jealousy, however, the first wife bribed the Awales of Chyasal to organize a shadow play to humiliate the Byanjankar queen.

This play is called “jhyalcha kenigu” in Newari, meaning “showing from a window”, and is performed on the rhythm of the traditional instrument khi and devotional song bhajan. It continues to be performed every year in the same manner as it was originally performed.

There are statues of a king and his two queens on a tall stone pillar in Patan Durbar Square, one of which is this Byanjankar queen.

Takha (long) Pati adhering to Nayo hiti (A10)
Patis are traditional public rest houses for pedestrians. With an image of Narayan, the Takha Pati – built in 1731 AD – is also known as Narayan Pati. It is used mainly for citing devotional songs as background

---

⁶ Chapa is a farmers’ community building.
⁷ Sattal is a two-story communal building.
⁸ Guthi is a social organization of people belonging to a neighborhood and caste.
music for the shadow drama held annually at the Awah Guthi Chapa. Two rest houses were built here joined longitudinally but at different floor levels. They were then reconstructed as a single structure at the same level during a renovation in 2000.

CHIKA: BAHI\(^9\) (SAPTAPUR MAHAVIHARA) (A11)
A stone staircase on the west end of the Chyasal Complex leads you to Chika: Bahi, a monastery for celibate monks, which was constructed for the \textit{Raj Vaidyas}, or doctors of the royal palace. The earliest date recorded at the site is 1415 AD, when the image of Ganesha was consecrated. The courtyard contains an ancient shrine with an intricately detailed lotus base dated 1434 AD.

\textit{Vaidya} – the families of which are traditionally in the medical profession – is the main clan associated with the courtyard, continuing socio-cultural practices such as the rituals of Samyak worshipping of the main image of Dipankar Buddha, Chudakarma when young boys become members of their clan, the annual community gathering and festival of a communal feast, and Pancha dana when annual offerings are made.

This monastery of Vaidyas is also known as Saptapur (sapta meaning seven) as it is believed that the court’s main wing that housed the image of god was seven storied. This was destroyed during a fire and later constructed into the 2-story shrine we see today. Later, as the family grew, family members started to settle around the main monastery, thus leading to construction of many \textit{kachha bahas}, or branches of Chika: Bahi. All branches of the Chika: Bahi monastery were said to be inhabited by the Shaka, the community traditionally linked to the carpentry profession, and the \textit{Vaidya} medical community.

The branches are (Kachha Bahas):

\textbf{Chika: Bahi Budhima- Manikuta Vihara (A12)}
Exiting Chika: Bahi and turning anti-clockwise, Manikuta Vihara is located north of the main monastery. A narrow passageway underneath a building will lead you to this small, enclosed courtyard surrounded by 3-story traditional buildings. A unique feature of the Manikuta Vihara is its wall painting, rarely seen in ancient monasteries. Along with an image of the seven-tiered shrine of Chika: Bahi, the worn painting depicts the process of Panchadana and Samyak, where rich people are giving donations, or \textit{dana}.

\textbf{Chika: Bahi- Triratna Vir Vihar/ Chibaha Chuka (A13)}
This monastery branch is located on the west side of Chika: Bahi. The main shrine contains an idol of Saraswoti (aka. Sasuma in Newari), and is thus called the “sasuma yagu fachha”.\(^{10}\) As the goddess of knowledge, Saraswoti \textit{puja} (worshipping) is celebrated throughout the nation on the auspicious day of Shri Panchami in April, which attracts local Hindu devotees to her nearby temples. The walls of the Saraswoti temples are full of letters, with Shri Panchami associated with the centuries old tradition of writing out the first Devanagari alphabets (\textit{Om Na Mo Ba Gi Swa Ra Ya}) on the temple walls to obtain a special blessing from the goddess. Toddlers are often taught and encouraged to write their first alphabets on this lucky day. Around this monastery is the residence of Mr. Suresh Vaidya. While the ancestral occupation of the Vaidyas is in medicine, Mr. Vaidya is a sculpture artist with a metal crafts studio in this house.

\(9\) Bahi is a two-story monastery complex for celibate monks, usually situated near the fringe of traditional town.
\(10\) Falcha is another name for pati or traditional rest house.
**Bhaisajya Raj Baha (A14)**
Bhaisajya Raj baha is located on the south-west side of Chika: Bahi. The deity’s house is a single story building thought to have been constructed nine generations ago during the time of Prime Minister Jung Bahadur Rana, when one of the family members was working as a Vaidya, producing and prescribing medicines for the ruling government. It houses a shrine for idol Bhaishyajya Tathagat, worshiped by the Vaidya family and medical profession. The previous image was stolen over twenty years ago, after which a new idol was replaced by following the rituals of “Jivanyasha” and Buddha puja. These rituals included three coats of paintings that can be observed on the outer wall of the shrine. Bhaisajya Raj baha contains the residence of Mrs. Dev Kumara Vaidya, who has upheld the traditional family occupation in the medical and pharmacy field.

**WHITE GANESH AT OM BAHAL (A15)**
Leaving Chika: Bahi behind, a 17th century miniature Buddhist shrine, can be seen in the middle of the court half way down to Om Bahal. Om Bahal is a Shrestha (a caste) community neighborhood space dating back to 1697 AD and the Malla era. As a Shrestha neighborhood, Om Bahal only has one guthi social organization. The land where the guthi community building stands now is believed to have been exchanged with the land at Mangalbazar, where the popular Krishna Mandir now stands.

The three-tiered temple in Om Bahal – with highly decorated torana, or gateway, and struts with Bhairav and Matrika carvings that support the roof – is known as the temple of tuyu or white Ganesh. On special occasions, the icon of white Ganesh is decorated with silver ornaments. A picture of Tuyu Ganesh icon decorated with such ornaments is displayed in the community building to the left of the temple. Sadly, the original Lichchhachi era Ganesh statue believed to be about 1400 years old was stolen and replaced with a new one, which is now on display in the temple. The Gane Dya Boyu festival takes place four times a year when the deity is kept in a chariot and taken on a festival tour route.

A metal crafts workshop can be visited opposite to the Ganesh temple where wax casting of bronze images is a special craft of Newar Shakya.

**RICE MILL (A16)**
Heading from Om Bahal to Tadha Chuka, an almost 50-year old operational rice mill on the right offers an interesting opportunity to see how rice is produced from paddy grains.

**TADHA CHUKA (A17)**
The statue of Lokeswora in the middle of this huge open space is believed to be of Machhendranatha. According to legend, a Karunamaya image of Machhendranatha that was kept at Karuna Chuka in Yampi Mahavihara was relocated to this open space due to security reasons. It was later moved again to Ta Bahal, where the main icon remains to date.

It is mainly the Shrestha caste and Jyapu farmer communities that currently live at this court, where the community holds feasts on the full moon day of Kartik Purnima in October and observes Mataya, the festival of lights in August. While the traditional profession here used to be farming, most of the residents now hold office jobs.

**SUNAYA SRI MISHRA VIHARA/ YAMPI MAHAVIHARA (A18)**
Located on the northern fringe of the ancient Lichchhavi town, this monastery is commonly known as Yampi Mahavihar, meaning monastery in the north in Newari. Locals believe this set of three courtyards

---

11 According to local, Samrajya Shrestha.
12 A bahal or bihar is a complex of two-story buildings, one of which contains a sanctuary, surrounding a courtyard.
to be about 2,300 years old, close to the early-Buddhism period. There are many legends associated with this monastery.

Legends credit Brahmin Sunyasri Misra from Kapilavastu – a great devotee of Buddhism – to have built seven monasteries here. On his mission to spread the religion, he decided to live in Shankhamul, Patan as it was of auspicious Shankha, or shell shape and had seven main thirtha, or holy places. Misra went to Tibet to educate people about Buddhism and collect money, earning Cha Koti (6 Karod or 60 million). Returning to Shankhamul, he wanted to construct seven monasteries to educate the local population about Buddhism; due to his older age, he built all seven monasteries in one place. The northern most court, Yampi Yanta Mahavihara, has three structures housing three deities. The middle court, Yampi Mahavihara, has three alcoves. The southern court, Sujak Prabha Mahavihara is also known as Karunamaya Chuka, named after the image of Lord Machhendranath.

According to legend, the Kathmandu valley once faced serious draught causing famine. King Narendra Dev of Bhaktapur, Vandhudatta Achaju from Kathmandu and Lalita Jyapu from Patan together went to Kamarukamachya in Assam, India to bring the god of rain Machhendranatha to the valley. It was finally decided that the deity was placed in Sujak Prabha Mahavihara in Patan where there was prominent human settlement and safety. With Machhendranatha placed in the monastery, it was named Karunamaya Chuka after the god. However, given the proximity of this monastery to the neighboring kingdom and acknowledging the possibility of attacks from the neighboring kingdom on the monastery – which was on the boundary of the old Kingdom – Karunamaya was placed in Thadha Chuka and later moved to Ta Bahal where it has stayed till date. This shifting is reenacted annually in the month-long and highly acclaimed Machhendranatha Jatra festival. In the festival, a tall wooden chariot with wheels is built and pulled around the city with the deity placed in the alcove.

Another local story tells us that great Tibetan Buddhist exponent and religious figure Padmasambhav of the Mahayan period lived in Karunamaya Chuka during his time in Nepal. Many Tibetans still travel to this monastery to worship the place where their revered god had stayed, and there are many stories in Tibet related to this area.

The clan belonging to this monastery is the Brahmacharya Bhichhu, who claim to be the descendants of Sunaya Sri Mishra. Breaking down their caste, Bramha means they are the only Buddhist clan whose chudakarma (ritual to make young boys member of the monastery) is done by a Bhramin. Charya denotes the traditional occupation of priesthood, and Bhichu refers to boys having to spend four days of their life as bhichu, or monks in this monastery. This group still conducts daily rituals in the monastery, especially on the day of the Sri Panchami in April, the Fagu Purnima full moon in March and in October during Si: Guthi feast.

The importance of Yampi Mahavihara can be witnessed during the Samyak festival conducted every 5 years when Dipankar Buddhas from around the city are brought to Nagh Bahal for a feast. Shakya Muni of the Golden temple (Hiranya Barna Mahavihara) welcomes everyone at Kwalkhu, where the rest of the Dipankars bow to him. But when the message of the Dipankar arrival from Yampi Mahavihara is relayed, the Shakya Muni himself welcomes and bows to the Dipankar. Only the five eldest priests from Yampi Vihara are respected during the procession ceremony by the washing of their feet.
The image of Sunyasri Misra in Yampi Bahi receives a lot of visitors. Believed to have the power of conception, many childless couples come to worship the statue as well as gynecologists and other doctors.

Every 12 years, major woodwork is done by the Barahi caste – who are carpenters of the farmer’s community – in this monastery to make the wheels of the chariot of Machhendranath. Mr. Dil Kumar Barahi, currently the head carpenter and leader of this Barahi team, resides in Yangu Bahal, where a Lichchhavi inscription issued by King Narendradeva and dated to the 7th century suggests contribution of workmanship by the people living in Yangu Bahal. The trees that supply wood for making of the chariot are required to be auspiciously cut by another farmer from Dupat, a majority farmers’ area.

ASHOKAN STUPA  

In the northern end of Patan just across Yampi Bahi, a white gate leads you to one of the four Ashokan stupas, or mound-like structures containing Buddhist relics, built at the ‘four cardinal directions’ of the city of Patan. While the precise history of the mounds must await archaeological investigation, taken together with the city’s association with the Kirata, these primitive looking structures suggest that Patan was the site of ancient settlements. Although it is unlikely that Ashoka was personally associated with the mounds, they closely compare to Mauryan Stupas in size and shape, and could be coeval. The mounds are all named according to the general cardinal direction in which they are located: for north they use the term Yampi.

Except for the thoroughly renovated North Stupa, all are simple, grass-grown brick mounds to which the shrines of the directional Buddhas were later attached. The new look of the North Stupa is the result of a Shakya businessman who financed a renovation in this century, turning the previously grassy dome into one of bricks and mud. A sensitive restoration of the stupa and its ancillary elements back to its original historical form and fabric can reveal its pristine beauty.

The priest of the Ashoka Stupa – also known as Yampi Stupa – is from Yampi Bahi, which lies to its east. The stupa is the main site of the major religious festival beginning with the full moon day of Bhadra in August, when Buddhists in Patan engage in three consecutive days of celebration overlapping with Janai-purnima and Gai-jatra. The first day is devoted to worship of the Patan East Stupa and the second day is Saparu, commemorating the dead through worship of the four Ashokan stupas. Beginning at the North Stupa at dawn, a procession of boys and men rushes barefoot through the hushed and sometimes rain-washed streets to circle the four mounds. Creating a rhythmic sound from wearing traditional leg bells (ghungru), pairs of men drag between them a rolling object symbolizing the Buddhist Wheel of the Law, eternally revolving to destroy sin. The third day of celebration is Mataya, the festival of lights.

It is primarily Shakya, Bajracharya and Maharjan people who live in the Ashoka Stupa area. While the occupation of people in this neighborhood is traditionally centered around Tibet business and farming, it has now adopted a focus on the sculpture business.

14 Mary Slusser, 1982.
15 Mary Slusser, 1982.
16 Shakya families are traditionally linked to the carpentry profession.
17 Mary Slusser, 1982.
CHOBU NANI (A20)
On the southern side of the Ashokan Stupa, a narrow passageway underneath a house opens up to a paved courtyard of the Jyapu farmer community that resides in Chobu Nani. A small shrine on the right contains an icon of a stone frame, believed to be the lineage god of Lalita Jyapu. An exit of steps on the southern end will lead you to the main road. A stone piece lying left to the exit is covered by a decorative metal roof, which is said to be a Bhairav image of Lalita Jyapu, who brought Machhendranatha from Assam. Locals living in the courtyard worship this stone daily.

KUMBHESHWORE SQUARE (A21)
Although the five tiered temple of Kumbheswor looms tall with its lean ethereal architecture of copper roofs edged with wind-bells and artful struts, it is the wide outer space with its rest house and the water-spout, conduit pits with artistically carved stone spouts that impress. Both the conduit pits have, however, been dry since 2009. The stalls lining up near the entrance present a colorful ritual ambience as they display flowers and other ritual items for worship for the devout. This is the most popular Hindu religious site of Patan and has the temples of Kumbheswore Mahadev and Bagalamukhi, where Buddhists worship the Mahadev as Bajrapani Lokedhwore. The bull, the carrier of Lord Shiva, fills up your view as you enter the courtyard past the falcha, or resting place, under the community building at the entrance.

Kumbheshwore Temple (A22)
According to legend, a single tiered temple was made during Kirat time by King Patuk. There is a belief that King Patuk’s one Princess had Leprosy and she was thrown out of Palace. She came to Kumbheshwore Square and took a holy bath from the Kumbheshwore Kunda, which cured her Leprosy and allowed her to attain enlightenment. Upon being invited back to the Palace, she declined the offer and remained at Kumbheshwore. King Patuk thus had the Kumbheshwore temple built, believing it to be a great source of power.

Nepal’s earliest tiered temple, Kumbheshwore Temple was reconstructed by a citizen Jayabhima in 1394 AD under the reign of King Jayasthiti Malla, following the destruction of the former temple in this spot in 1349 AD by Muslim invader Samsuddin Ilyas. The top three tiers were later added by King Yog Narendra Malla in the 17th century. Destroyed in an earthquake in 1934, the temple was reconstructed in 1940. Most of the woodwork was salvaged, with the strut carvings in the temple still largely original. In 1968, the temple was further renovated by King Mahendra Bir Bikram Shah.

The Kumbheshwore Temple is dedicated to Lord Shiva – popularly known as Kumbheshwore – and Sarveshwore is the main deity worshipped here. Sarveshwore is one the 64 linga, or symbols of Lord Shiva, making this an important religious place. Both Hindus and Buddhists worship Sarveshwore in different forms – Hindus as Pancha Mukhi Shiva and Buddhists as Bajrapani Lokeshwore. The temple has special connection with number five, being five-tiered and with the Shivalinga inside the temple having five faces associated with the five elements (water, fire, earth, air, and sky), five Buddhas, five rules, five senses and five steps in life from birth to death.

A temple well is located on the north side, with holy water believed to come from Gosainkunda Lake in the Himalayas some 14,000 feet above sea level. For the Dhami-Jhankri, hill shamans and doctors of ancient time, Kumbheshwor is considered the God of medicine. As such, this water is thought to have magical powers to cure both physically and spiritually. The tank on the northwest is filled with water and
the Siva Kumbheshwor, a wooden representation of Lord Shiva, is kept afloat during Janai Pumina celebrations in August.

You may try to meet Mr. Madhav Shyam Sharma, the chief priest of Kumbheshwor temple to hear some of the stories behind this majestic temple and about his experience of being the chief priest for over a decade.

Banglamukhi Temple (A23)
Savor the art and craft of the woodworks under the first roof as you proceed around to the temple of Baglamukhi on the south. One of the main structures to be viewed in Banglamukhi Temple is the beautiful silver shrine dedicated to goddess Banglamukhi. Banglamukhi is one of the ten Maha Vidyas, or aspects of the Divine Mother, and is a Shakti Pith, an icon with supernatural power. The shrine attracts thousands of devotees, as many believe that the powerful goddess grants all of her devotees’ wishes.

JHYATAPo (A24)
The name Jhyatapo was derived from Newari language meaning wetland. There remains a platform at Jhyatapo Lalitpur with four upright monolithic stone obelisks (A25), one of which is popularly thought to be the nolé, or horizontal post of the carrying basket of Lalit Jyapu. According to the local history of Patan, Lalit Jyapu (Rathachakra) – from which 'Lalitpur' is derived – was the right and perfect one who carried Machhindranatha from Kamaru Kamacchhya to Kathmandu Valley. There is also an idol face of Lalit Jyapu carved into the stone wall with material items representing his supporting stick, as well as a preserved shrine.

Lalit-pati (A26)
The Lalit pati was built in the early-18th century as a rest house for pilgrims to stay overnight free of cost. This two-story brick building with beautifully carved five-fold wooden windows (ga jhya) stretching across the length of the structure is managed and used by members of the Tandukar guthi social organization, who gather and conduct all their ritual norms here. It is also the site where the neighborhood Ganesh is worshipped. Lalit Pati overlooks an alley leading to the Kumbheshwore Temple.

For the Tandukar community and thus for Jhyatapo, the Yamari Purni full moon day in December is very special. Farmers’ communities go around the neighborhoods of Jhyatapo, singing and playing their traditional folk songs and tunes during the Yamari Purni festival marking the end of the rice harvest. A special type of rice bread known as "Yohmari" is prepared and offered to locals. The Mataya festival of light is also observed in this area.

SWOTHA (A27)
Swotha is a public square characterized by its set of courtyards known as “Yauta Griha”. The courtyards and Swotha-chowk building are thought to have been built by Kirtisimha Malla, the first son of King Siddhi Narasimha Malla of Patan in 1661 when Srinivas Malla ousted Kirtisimha from Sundarichowk and became King.

Kirtisimha also built the three temples in the square. The three-tiered Radha-Krishna Temple (A28) is the largest structure dominating the entire square, with its post-1934 domical roof that was earlier in ‘Sikha’ style awaiting restoration. This early-18th century temple with the most intricately carved wooden structures was restored a decade ago with the financial support from the Kathmandu Valley Preservation Trust (KVPT) and Lalitpur Sub-Metropolitan City. The chariot festival of Kumari visit the Krishna temple, possibly indicating that Siddhi Narasimha himself may have lived here as a rajarshi, or King and royal sage of Patan.
The pointed top of the shikhara-style **Krishna Mandir Temple** collapsed during the earthquake of 1934, and underwent a less than complete renovation. The temple was given an onion-shaped plaster top, looking strange and out of proportion with the bottom’s stone finish.\(^\text{18}\)

Across the road, the two-tiered Manikeshav Narayan Temple is dedicated to the Hindu god of preservation Narayan. The exquisitely carved temple struts are all inscribed, telling the story of Lord Vishnu’s reincarnations and associated events. Next to the Manikeshav Narayan Temple is a two-story prayer house with an impressive stone image of Garuda (the carrier of Vishnu), where *devotional* hymns and songs are sung every year at the *Ekadashi* festival marking Vishnu’s awakening.

**Corner Window of Swotha (A29)**

Part of the three interconnected courtyards, there is a well-known and special type of intricately carved corner window on the third floor of an old Brahmin house at Swotha neighborhood. Dating back to the late 17\(^{th}\) century, the corner window is one of only three representations in the entire city of medieval Patan’s distinguished woodcraft. With the launch of efforts to revive the Swotha courts to their earlier glory, the corner window was consolidated in 1997 with assistance from the UNDP Partnership for Quality Tourism Project. As of late, there has also been restoration and adaptation of the court wings for tourism, restaurants, and hotel rooms (B&B). Ideas have been presented from private entrepreneurs to transform the whole Swotha complex into a high-class specialty accommodation cum service center.

Shrestha, Rajbanshi, Sharma, Amatya and Newar Brahmins mostly live in Swotha, with the main *guthi* social organization comprised of a group of 300 members.

Moving ahead past Swotha, handicraft and curio shops on the street will give way to a large public open space with temples, water conduits, rest houses, traditional buildings, restaurants, and vendor shops. This will lead you to the next site, Patan Durbar Square.

---

According to legend, the beautiful Lalitaranya Van forest was cut to make space for human settlement. The city of Lalitpur or Patan – named after this forest and meaning beautiful city – is known for its rich cultural heritage, particularly its tradition of arts and crafts. The city is divided into spatial units or neighborhoods called toles, and is characterized by particular communities inhabiting certain sectors of the city. Among the many interesting areas of Patan, this route has been developed to highlight the traditional lifestyles, practicing artisans and important heritage in East Patan.

Starting your walk from the bus park and turning left, you will enter the east side of Patan, which is one of the earliest settled areas in the city. The first stop on this heritage route is Guita, a beautiful paved court composed of stupas, ponds, temples and bihars, or Buddhist monasteries.

**GUITA (B1)**
The Guita court welcomes you with its two stupas characterized by very flat domes and almost vertical sides sharply flared to join the medhi, or base. While quite different than most stupas, these stupas reflect a style popular in the transitional and early Malla Periods (12th-18th century).19

The name Guita-tol is likely rooted in a legendary nine-storied temple in the neighborhood. In local Newari, gu means nine and tala land. In addition to its nine stories, Guita-tol has many additional connections to the number nine, including its nine wells, nine chaityas or shrines, nine hitis or water-spouts, a pati or traditional rest house for pedestrians with nine days between the columns, and a tradition of reciting Nava Grantha, or the nine scriptures.

It is believed that Guita was established by the great King Sarvananda. According to legend, King Sarvananda had invited Dipankara Buddha to receive Pindapatra Dana, or an offering. The Buddha, however, chose to receive offering from an old and poor woman before going to the King’s palace. Out of curiosity, the king asked why the Buddha preferred her offering over his lavish arrangement. The Buddha replied, “Dana is best when offered with a pure motivation, which is earned by doing own physical labor, no matter what the quantity.” Inspired to earn through his own physical labor, the king searched for the hardest job, finally settling as a blacksmith. After earning enough, he invited back the Buddha for offering. The day of this offering is marked as an auspicious one and believed to have started the tradition of Yala Panchadana, an offering observed on the eighth day after the August new moon. The old lady who inspired the king to offer with pure motivation is venerated, with her image proudly displayed at the Guita bahi,20 or monastery.

Today, the Guita monastery draws throngs of devotees through its annual observation of two major festivals. Thousands of people come to see the sacred water-spout called “dhanlyahiti” during Gunla, or the full moon of August as well as the ancient Pauwa Chitra painting depicting the full story of King Sarvananda during the Indra Jatra festival every September.21

---

19 Mary Slusser, 1982.
20 Bahi is a two-story monastery complex for celibate monks, usually situated near the fringe of traditional town.
21 Mary Slusser, 1982.
Locals claim that the Guita monastery is one of the oldest in East Patan. A number of inscriptions around the area refer to these foundations. The oldest one is dated 1024 AD and attached to the large stupa outside the monastery complex. This monastery is an ancient Buddhist site with three monasteries clustered together, with traces of foundation suggesting that there may originally have been more than just the remaining three.

**Prathama Sri Mahabihar (B2)**
The best preserved of the three remaining monasteries for celibate monks at Guita, Prathama Sri Mahabihar has the most recent foundation. While an entirely closed courtyard, the only thing remaining of the original monastery structure is the shrine of the main deity, *kwapa dyo*. Chakrasamvara is the lineage deity of the *sangha* (clan belonging to the monastery) and worshipped at the monastery. The clan observes the annual festival on the full moon day of the month of Baisakh (April).

**Basuchashil Mahabihar (B3)**
The second monastery at Guita, Basuchashil Mahabihar is situated in a courtyard directly to the north of the Prathama Sri Mahabihar. Only the western arm of the courtyard, which houses the shrine of the kwapa dyo, remains in its original form. The members groups of this monastery call themselves “brahmacharya vikschu”.

**Gustala Mahabihar (B4)**
The third Guita monastery is Gustala Mahabihar, which was once a magnificent temple of nine roofs. The *plinth*, or base of the super structure serves as tangible evidence of a unique character dissimilar to any of the other monasteries here.

As you make your way through Pinche bahal, on your right you will see a hexagon shaped water-spout – which is itself special – and the two rest houses that add further value to the place.

**Su Baha Hiti and Chaitya (B5)**
Believed to be nearly 5,334 years old, the Su baha stone water-spout is highly valued by local Hindus and Buddhists through its association with many annual rituals and festivals. The main source of water, which has nearly stopped, is believed to be the holy Hindu place Silu. Devotees continue to flock to the water-spout on the day of Navaratri, worshipping and then bathing at the spout. A 22 image of mother goddess Vaisnavi from the third or fourth century may be seen in the fountain of Subahal. 23

The two Lichchhavi 24 chaityas, or shrines on the water-spout premises are not to be missed. According to an inscription, the shrine on the raised platform is one of its earliest kind, dating back to 749 AD. There is an image of a lotus as the base or throne for the upper portion of the shrine (that contains a dome, drum and finial), believed to be the first of its kind. This is thought to have been repeated only on the shrine at Bhinchhe bahal and the one at Guita Bahi. 25

---

23 Lain Singh Bangdel, 1982.
24 Lichchhavi period is from 1st-9th century.
Shakya – families traditionally linked to the carpentry profession – were the major clan that used to live around the water-spout, but they have all migrated. The water-spout remains preserved by the locals and the shrines are worshipped during the Mataya festival of light in August, Desi puja, and Indra Jatra festival in September.

**SU BABA (B6)**
There are two Lichchhavi inscriptions near Su baha dated 1062 and 1067 AD, but the earliest reference to the shrine is from 1142. Also known as “Sarvaka” and “Salake”, Su baha is famous for the scary and strange rituals practiced on its premises. The monastery was originally built on a cremation ground, and you can still today see traces of a rectangular cremation area in front of the sanctuary.

While bali, or human offerings were made in the court in the past, nowadays human flesh is offered instead on the ninth day of Dashain in October. Many people from the monastery as well as outside take part in this event, believing that physical problems stemming from the upper part of the body may be cured with an offering of one’s flesh on Dashain. One of the many gods that you will see in Su baha, the Gyanpu dya, or scary god is one of the more prominent ones because of the scary stories behind this place. Even today, outsiders are not allowed to enter the courtyard at night due to these ancient legends, and three or four locals are responsible for guarding this courtyard.

The Purna Sundar Baha is situated directly behind the main shrine of Su baha. Over the shrine’s doorway is a small wooden torana, or gateway, dated 1942 depicting Akobhya Buddha. The annual festival on the third day of the bright half of the month of Kartik (October) is celebrated at this monastery.

**Thakun Baha/ Ratnajaya Vihar**, with an inscription claiming that it was found in 1767, is located in the northwest part of the Su baha complex. The annual festival on the twelfth day of the dark half of the month of Baisakh (April) is celebrated at this monastery.

Shakya families who work as carpenters as well as Jyapu farmer families who have their farmland in Imadol, Sanogaun and Harisiddhi reside in Su baha.

**BHINCHHEN BAHAL**

Bhinchhen Bahal, also known as Vishnuk Chhen Bihar and Mayur Barna Bihar, is a large complex with a sanctuary built in 1939 AD. According to legend, this monastery from the Malla era is built where an image of the god Vishnu was buried, discovered when a peacock rested on that spot.

The clans of Varjracharya and Shakya reside in this monastery. Their guthi, or social organization, annually observes three main festivals here, with their associated rituals and feasts, namely the full moon of Baisakh in April, the full moon of Poush in December, and the twelfth day of the bright half of Magh in January.

---

27 A bahal or bihar is a complex of two-story buildings, one of which contains a sanctuary, surrounding a courtyard.
28 Guthi is a social organization of people belonging to a neighborhood and caste.
The Stone Sculptors of Bhinchhen Bahal
Nepal’s most ancient craft, stone sculpting, is still actively practiced in Bhinchhen Bahal. Although stonework had already developed in Kathmandu Valley, residents of Bhinchhen Bahal claim that the making of stone sculptures in Patan began at this monastery. There are at least 10 families here still working in this art form, creating stupas, pillars, water-spouts, inscriptions, protective lions, griffins and gods. The stone used in Bhinchhen Bahal is primarily granite sourced from quarries in Dakshinkali, Hattiban, Farping and Kharpa, located on the periphery of Lalitpur District. And the metal tools used for the stone craft are mostly in Patan, with the exception of a special tool imported from Jaipur, India that is used for diamond cuts. Some of the artisans work and sell from their homes while others have shops in the Magalbazar, Saugal and Sundhara areas.

Inside the monastery’s large gate and to the left you will see *Shakya Stone Craft*, where *Manoj Shakya* continues the stone sculpting tradition of his ancestors. Though Mr. Shakya does not have a shop, he sells his work through local stores in Kathmandu and abroad. He was one of the key people involved in establishing *Bhinchhe Bahal Prastar Kalakar Samuha*, an organization aiming to train and encourage the younger generation to continue this ancestral occupation of stone sculpting.

*Suju Bajracharya* is similarly continuing her family tradition of stone sculpting, being the first woman to establish herself as a professional stone sculptor in the area. Despite not having received a formal education, she was honored in 1998 with a *Gorakha Dashin Bahu* felicitation from King Birendra for her contributions to the field for the past 22 years. Working from home in the northeast corner of the Bhinchhen Bahal, she sells to shops in Kathmandu and abroad as the enterprise *Neva Stone Craft*.

The home of *Rabin Bajracharya* in Bhinchhen Bahal can be identified by the stacks of stone tablets in front of the house. He is from one of very few families in the monastery whose ancestral occupation was not related to stonework. Despite being a woodcarver, the surroundings sparked an interest in stone art, encouraging him to take courses in stone sculpting. Mr. Bajracharya runs a business along with his siblings, primarily selling to clients from abroad.

Pilachhen- Kachha Baha of Bhinchhen Baha (B8)
Kachha baha or the branch of Bhinchhen Bahal is the residence of the Maharjan families who have their farmland around Sanogaon, Imadol. With people increasingly involved in the ancestral occupation of farming, the local clubs have recently re-constructed the *guthi* social organization building, and about 25 to 30 people are currently involved in the *guthi*.

The traditional dance “Khya Pyakha” is a board dance of the *Kankal and Rakchyas*, the ghostly figures, and has become the main attraction of Kachha baha in Bhinchhen Bahal. This dance continues to be performed along the route where the *Khyaks*, or ghosts were believed to travel.

**DUPAT LACHI** (B9)
Dupat is the largest of Patan’s 45 *toles*, or compact traditional neighborhoods, and is known for having one of the city’s biggest community buildings. Residents claim that their population is the most educated in the city since the first school in Patan was established here in 1956. The importance ascribed to Dupat is illustrated by an elderly resident of this neighborhood being given the honor of cutting down the tree that will be used to make the chariot in the important Machhendranatha festival.

---

30 Lachi is an open public square.
31 Resource: Mr. Hari Gobinda Maharjan.
The majority of Dupat’s population is from the Jyapu farming caste, and they observe the major feasts on Ganesh Jatra, Indra Jatra in September, Mother’s Day in May and Si: Guthi in Chaitra in April. Although the traditional buildings have been replaced by modern concrete structures, community buildings remain important for conducting these Newari festivals in the neighborhood.

**The Legend of Dupat Ganesh Temple**

Built in 1708 AD, the Ganesh temple at the corner of Dupat complex has two very rare finials. According to legend, the Jyapu farming community in Dupat used to hold a special feast on Si: Guthi (still held every year in April), attendance to which was prohibited for other communities. A king in Patan was once said to be curious about the sacred procession, and set out for Dupat on horseback. On his way, he was thrown from his horse. Believing the accident to have been caused by a supernatural power, he donated the second finial to the temple as a plea for forgiveness.

**CHAPAT GANESH (B10)**

The three-tiered Chapat Ganesh temple, built in 1745 AD, depicts Malla architecture with its terracotta roof supported by highly decorative struts intricately carved with imagery of Bhairav and Matrika. The image of Ganesh is placed in the centre of the sanctum that has entrances from three directions. Residents of the Chapat area primarily comprise members of the Jyapu farming community, with the guthi social organization conducting a feast at Chapat lachi in the month of Baisakh (April-May).

Chapat Ganesh is actively worshipped by both locals and outsiders, especially visited upon losing things inside one’s house. Ganesh is called upon in these situations, with some rice and money offered at this temple when the items are found.

**CRAFTMAN AT BAKU BAH**

Making your way from Chapat Ganesh to Yangu Bahal, you will see a small shop on your left displaying woodcarvings. Traditionally belonging to a farmer family, Sanu Kaji Maharjan trained in woodcarving for four years before opening this shop at his house. You can watch him transforming small blocks of wood into pieces of art, which are sold to local shops.

**STREETSCEAPE FROM YANGU BAHAL TO KUTI SAUGAL**

Before reaching the open court of Yangu Bahal, there will be a stone slab on the right next to a small temple. The inscription is dated from 679 AD and reads, “Narendra Deva who resides in Bhadradiwasbhawan (probably at Guita) declared that people of Yangu Bahal served him well during the construction of a water conduit thus, they are free from labor works. This place was declared as a Fortified Place.”

In historic times, Kuti Saugal was a place where people beat paddy grain to extract rice. ‘Kuti’ refers to the wooden tool used in this process. The kutis have now been replaced by the modern mill in this area that continues the rice production.

33 Malla Era is from 12th to 18th century.
34 Kuti is name of the wooden tool used for beating rice grains.
The Chariot Maker (B11)
Located at the right corner of Yangu Bahal Street leading to Kuti Saugal is the house of Dil Kumar Barahi. The Barahi caste comprises carpenters responsible for making the chariot for the Machhindranath Jatra festival. This house belongs to the naaya, or leader of the group, who leads the team in constructing these chariots. Mr. Dil Kumar Barahi continues to practice carpentry in his home, where he has a small workshop.

The Lokhta Painter (B12)
Along this street, you will notice images of nagh, or snakes, as well as other auspicious signs painted on Nepali lokhta paper and pasted around the main entrances of the houses during Nagh Panchami. Similarly, images of Laksmi, the Goddess of Wealth, can be seen pasted in a sacred place inside houses during Laxmi Puja. As “Chitra” means picture Newari, Chitrakar is the Newari caste that paints. The main materials used in traditional painting are lokhta paper, paintbrushes, watercolor in powder form (available to purchase in a shop in Mangal Bazar), wooden blocks for printing and frames for holding the paper while painting.

Following his ancestral occupation, Gyanu Ratna Chitrakar paints these lokhta paper images for use in different rituals by the Newar community. Mr. Chitrakar also paints images of the Pancha Buddha or Five Buddhas (mostly used for welcoming new brides), astha mangal (a decoration for weddings and pujas), mari kashi (a highly decorated traditional pot used for engagement), and clay pots and vessels for rituals. Mr. Chitrakar is also responsible for painting the image of Aakash Bhairav, which is worshiped as the main deity’s image in Aakash Bhairav Temple at Kapinchhe. As the Aakash Bhairav image inside the temple is made of paper, it is changed twice a year during the full moon day of January (Magh Purnima) as well as during Dashain, the national festival in October. People come in a procession to take the painted image of the god from Mr. Chitrakar’s house to the temple. Despite playing this important cultural role, Mr. Chitrakar thinks that his traditional family occupation is likely to end with him as no one seems interested in learning these skills.

NEUTA PUKHU (B13)
In the ancient city Patan, in order to fulfill water demands in dry seasons, numerous pukhu, or ponds were constructed to drain rainwater from high lands and store in low lands. The Neuta pond is an example of this. The rainwater is first collected in Sauga hiti pukhu, after which the overflow is drained to Kuti Saugal pukhu and then onto Neuta pukhu. However, the ancient drainage system was lost as a result of the area’s rapid urbanization, and modern reconstructions have demeaned its aesthetic value.

KAPINCHHE TOLE AKASH BHAIRAV (B14)
As you make your way from Kuti Saugal to Chyasal, you will come across an open court on the right. The center of the court features a two-story temple with a finial that adds beauty to the structure. The Akash Bhairav Temple has a hole in the roof, which is covered only by a piece of cloth as it is believed that the hole is used by ghostly figure Lakhe to enter the temple. This hole has remained preserved in the latest renovation of the temple. The Maharjans, or farmer community resides around Akash Bhairav Temple.

Unlike any other Bhairavs in the valley, this temple has a huge paper image of Akash Bhairav drawn on the Nepali lokhta paper. The gateway above the image of Akash Bhairav displays a carved face of Bhairav, is worshiped as the main God of this temple where the image in the paper is his actual portrait. On Yamari purni, or the full moon day in December, Bhairav’s painting is brought outside for a special
ritual and is replaced by a new one painted by traditional Chitrakars, often drawn by Mr. Gyanu Ratna Shakya. This tradition is being followed for 150 years. Every 12 years, people from Harisiddhi come here to give animal offerings to Bhairav, with horns of beheaded animals displayed prominently.

Following the alley left to the temple and just few doors down the lane is the house of Mr. Bulal Awale, the only potter in the neighborhood who is still practicing his traditional occupation. He makes small vases and pots used for various rituals and festival. As Mr. Awale is the last one in the family doing this work, do not miss the chance to learn about his skills and techniques while you are in the area.

**WYONA NANI**<sup>35</sup> (B15)

Wyona Nani is a small courtyard with a shrine and an image of Buddha enclosed in a rest house constructed by the late Tusi Baje. A respected figure in the community, he was contracted by the Ranas to build the largest administrative building in the nation, Singha Durbar,<sup>36</sup> Later accused of bribery, his property was captured by the Ranas and auctioned off to the public. They spared him the house that he was living in, which is still standing on the premises, albeit in a dilapidated condition. Tusi Baje spent rest of his life in this rest house he constructed before going bankrupt. This shrine and image of Buddha continues to be worshiped daily by the locals, and the yearly “Busa da:” (a day to worship shrine) is conducted by Tusi Baje’s descendants.

**CHYASAL COMPLEX** (B16)

Exiting from Whona Nani, the route opens up to the important public space in Patan, Chyasal Complex. Meaning eight hundred in Newari, the complex is believed to commemorate the eight hundred Kiratas that fell here.<sup>37</sup>

Below are some of the important components of Chyasal complex:

**Chyasal Dabu** (B17)

According to historians, a battle took place in Chyasal in 250 A.D. between the invading Lichchhavi army and Kiratas, the ruling dynasty of the Kathmandu Valley. <sup>38</sup> 800 Kirat soldiers are thought to have been beheaded on the battlefield by the Lichchhavis during the last period of Kirat rule. And the soldiers’ heads were believed to be buried under this dabu, a raised platform besides the Ganesh temple. A local legend ascribed a different story to Chyasal Dabu centered around the locals’ fear of the Kirat rulers. According to this legend, the Priest of the Golden Temple (Hiranya Varna Mahavihara) sent his son to perform his daily rituals, and the child who was gifted by God with enchanted milk that turned into bees had the bees attack the Kirat soldiers. Attempting to escape to the Bagmati River, the 800 soldiers were beheaded by the local people and buried at Chyasa Dabu. The Chyasal Dabu is also referred to as Ghar Ghur Dabu because of its believed mysterious powers.

---

35 Resource person Karam Lal Awale.
36 Singha Durbar is still the largest government administrative building in the nation.
37 Ancient Settlement Of Kathmandu Valley [pg. 14].
38 Lichchhav period is from 1<sup>st</sup> to 9<sup>th</sup> century.
This Chyasal Dabu is a raised 5 by 5 foot platform with a Shiva Linga mounted above it. Shiva Linga is usually built in memory of the dead, so this cultural tradition may have similarly been followed by the Lichchhavi rulers at that time. Another theory of the use of a Shiva Linga here centers around Emperor Ashok, who built numerous Ashok shrine and megaliths after coming to regret his past killings of such large numbers of people.

Every year in the month of October, a small group of people gathers at Chyasal Dabu at midnight to perform religious ritual and have a feast.

**Gaja Laxmi Statue in Nayo hiti (B18)**
A steel cage protects an ancient statue of Gaja Laxmi, or the “Goddess of wealth”, elegantly standing at ground level to the right of the hiti, or water-spout with a lotus flower in hand. The stone carving is worn, with two barely visible elephants (gaja in Sanskrit) almost floating above Laxmi’s shoulders pouring water for her. Some believe the statue to be from 250-280 BC and locals claim it to be the first stone sculpture of Nepal, which was followed by development of prominent stone craftsmanship in the country. According to eminent Nepali artist and art historian Bangdel (1982), the image of Gaja Laxmi is to be of first century BC. The Nayo water-spout dried up about 7 or 8 years ago, with one local attributing this to the construction of nearly 80 wells around the Chyasal area that may have blocked the veins of the water supply system.

**Takha (long) Pati adhering to Nayo hiti (B19)**
*Patis* are traditional public rest houses for pedestrians. With an image of Narayan, the Takha Pati – built in 1731 AD – is also known as Narayan Pati. It is used mainly for citing bhajan, or devotional songs, as background music for the shadow drama held annually at the Awah Guthi Chappa. Two rest houses were built here joined longitudinally but at different floor levels. They were then reconstructed as a single structure at the same level during a renovation in 2000.

**Bhairav Sattal/ Awah Guthi Chapa (B20)**
Bhairav Sattal is one of the biggest structures in the court, believed to have been made from a single tree. Distinct features of this community building include the huge terracotta roof and row of lattice windows, as well as the open plan on both floors that caters to mass gatherings. Bhairav Sattal displays Malla architecture with icons of gods: Bhairav, Nasa dya and Ganesh.

According to local custom, people of lower castes as well as menstruating women are prohibited from entering the building. And during gatherings, the first scoop of food should be offered to the god before anyone tastes it. It is believed that if this is not done, people will face fatal consequences.

The Awales, or pottery making community, use this building for community gatherings of up to 1,500 people. Such gatherings are mobilized around social *guthi*39 functions for people belonging to a particular neighborhood and caste, during the annual dewali puja or community festival, and to celebrate the commencement of the community’s *Thakali* (eldest person) and *Naaya* (leader).

While Bhairav Sattal can be renovated, floors cannot be added. The building adhering to the community building is used for storing ancient clay utensils made by the Awales. One masterpiece held here is a 355-year old *jharon*, or water

---

39 *Guthi* is a social organization of people belonging to a neighborhood and caste.
reservoir made of clay, as opposed to the usual material of stone.

**Jhyalcha Kenigu (Shadow Drama) (B20)**
Since the period of King Yog Narendra Malla of Patan, the Awale potter community has been performing the Jhyalcha Kenigu, the shadow drama, a day before the September Indra Jatra Festival from the first floor window of the Awah Guthi Chapa. As the King was passing by Chyasal, he was said to have seen a Byanjankar woman bathing near a well. He noticed bumblebees on her clothes, which were believed to be auspicious. Regarded as a woman with good fortune, she became King Narendra’s second queen. Due to jealousy, however, the first wife bribed the Awales of Chyasal to organize a shadow play to humiliate the Byanjankar queen.

This play is called “jhyalcha kenigu” in Newari, meaning “showing from a window”, and is performed on the rhythm of the traditional instrument khi and devotional song bhajan. It continues to be performed every year in the same manner as it was originally performed.

There are statues of a king and his two queens on a tall stone pillar in Patan Durbar Square, one of which is this Byanjankar queen.

**CHIKA: BAHI (SAPTAPUR MAHAVIHARA) (B21)**
A stone staircase on the west end of the Chyasal Complex leads you to Chika: Bahi, a monastery for celibate monks, which was constructed for the Raj Vaidyas, or doctors of the royal palace. The earliest date recorded at the site is 1415 AD, when the image of Ganesh was consecrated. The courtyard contains an ancient shrine with an intricately detailed lotus base dated 1434 AD.

**Vaidya** – the families of which are traditionally in the medical profession – is the main clan associated with the courtyard, continuing socio-cultural practices such as the rituals of Samyak worshipping of the main image of Dipankar Buddha, Chudakarma when young boys become members of their clan, the annual community gathering and festival of a communal feast, and Pancha dana when annual offerings are made.

This monastery of Vaidyas is also known as Saptapur (sapta meaning seven) as it is believed that the court’s main wing that housed the image of god was seven storied. This was destroyed during a fire and later constructed into the 2-story shrine we see today. Later, as the family grew, family members started to settle around the main monastery, thus leading to construction of many kachha bahas, or branches of Chika: Bahi. All branches of the Chika: Bahi monastery were said to be inhabited by the Shakya, the community traditionally linked to the carpentry profession, and the Vaidya medical community.

The branches (Kachha Bahas) are:

**Chika: Bahi Budhima- Manikuta Vihara (B22)**
Exiting Chika: Bahi and turning anti-clockwise, Manikuta Vihara is located north of the main monastery. A narrow passageway underneath a building will lead you to this small, enclosed courtyard surrounded by 3-story traditional buildings. A unique feature of the Manikuta Vihara is its wall painting, rarely seen in
ancient monasteries. Along with an image of the seven-tiered shrine of Chika: Bahi, the worn painting depicts the process of Panchadana and Samyak, where rich people are giving donations, or dana.

**Chika: Bahi- Triratna Vir Vihar/ Chibaha Chuka (B23)**

This monastery branch is located on the west side of Chika: Bahi. The main shrine contains an idol of Saraswoti (aka. Sasuma in Newari), and is thus called the “asuma yagu falcha”.

As the goddess of knowledge, Saraswoti puja (worshipping) is celebrated throughout the nation on the auspicious day of Shri Panchami in April, which attracts local Hindu devotees to her nearby temples. The walls of the Saraswoti temples are full of letters, with Shri Panchami associated with the centuries old tradition of writing out the first Devanagari alphabets (Om Na Mo Ba Gi Swa Ra Ya) on the temple walls to obtain a special blessing from the goddess. Toddlers are often taught and encouraged to write their first alphabets on this lucky day. Around this monastery is the residence of Mr. Suresh Vaidya. While the ancestral occupation of the Vaidyas is in medicine, Mr. Vaidya is a sculpture artist with a metal crafts studio in this house.

**Bhayajya Raj Baha (B24)**

Bhayajya Raj baha is located on the south-west side of Chika: Bahi. The deity’s house is a single story building thought to have been constructed nine generations ago during the time of Prime Minister Jung Bahadur Rana, when one of the family members was working as a Vaidya, producing and prescribing medicines for the ruling government. It houses a shrine for idol Bhaisyajya Tathagat, worshiped by the Vaidya family and medical profession. The previous image was stolen over twenty years ago, after which a new idol was replaced by following the rituals of “Jivanyasha” and Buddha puja. These rituals included three coats of paintings that can be observed on the outer wall of the shrine. Bhaisajya Raj baha contains the residence of Mrs. Dev Kumara Vaidya, who has upheld the traditional family occupation in the medical and pharmacy field.

**BHIMSEN DYO CHHEN (B25)**

Built in 1669 AD, this temple is dedicated to God Bhimsen, one of the Pandavas of the great epic Mahabharata. The temple is a modified version of Malla architecture, with the main god placed on the first floor under the terracotta roof and a row of lattice window out front. The ground floor has a decorative door and rest place outside.

Bhimsen is associated with the Awale potter community in the area, which annually celebrates “Bhindyo puja” and gathers to feast in the rest house next to the temple. The temple also observes Bhindyo jatra, when the main Bhimsen god from Mangal Bazar stops here while on its long route.

The community continues to conduct devotional songs here daily, playing the traditional musical instrument nagada. You can view some instruments on the first floor, including a big damaru, a drum of great cultural significance. On Yamari purni, the full moon day of December, people of 7 different caste groups bring the Bhimsen dyo outside as a ritual while playing 7 different musical instruments. This coming together of the castes does not happen in Patan’s other 40 neighborhoods.

Many people are said to have witnessed a green snake around the temple. According to a myth, when that snake exists the temple, the bond between the head and tail of the snake necklace worn by Bhimsen detaches, only to reattach again upon the snake’s return.

40 Falcha is another name for pati or traditional rest house.
JABAR AJA AND AJI PATI (B26)
Aja and Aji mean grandfather and grandmother respectively in Newari, and Jabar is a name. This rest house on the left of the alley was constructed by an old Awale couple for pedestrians to rest. An icon in a niche of the rest house shows the couple after whom the site is named joining hands. The rest house has a terracotta roof and wood and brick as the main construction materials. Despite being a small structure, it has a guṭhi social organization for its property maintenance. The Jabar Aja and Aji Pati is used today to conduct traditional Samaybaji, Newari food offerings during the Indra Jatra and Machhindranatha Jatra festival.

TULASI FO NANI (B27)
This courtyard is named after Tulsi, the holy basil, which is planted in a cemented block. The plant is worshipped daily by the people living both in as well as outside of the courtyard.

According to Mr. Bagacha Awale, those living in this neighborhood are largely Awale, or traditional pottery makers. While only Awales were allowed to make bricks during the Rana period, few practice this occupation today.

As you follow this route, a narrow alley on your left will lead you to Wam Bahal, which houses one of the masterpieces of Patan’s stone craft tradition.

WAM BAHAL (B28)
Though the foundation date of this monastery is uncertain, a palm leaf manuscript dated 1441 AD mentions a Vajracharya from this monastery. The main building is on the south side of the complex with a finely carved doorway surmounted by a gateway depicting Buddha and metal flags on both sides. The first story has five fold windows and two small windows on both sides, above which is a threefold lattice window and wooden struts supporting the roof. On top is a tiered tower with tile roof and a finial. The idol of main god (kwaḍa dyo) is a north facing image of Aksobhya.

The courtyard contains a 17th century Lichchhavi shrine, considered one of the best shrines in Patan. The shrine has a two-story base, featuring Buddha on the lower niches and Vairochana on the upper niches. The niche frame is decorated with floral design by a crowning Kirtimukha in the center. A special feature of this shrine is the rare 11-tiered finial, with only one similar known to exist in Mahabouddha, Patan.42

It is important to note that a shrine is considered a living being in Newari culture, necessitating three rituals when conducting renovations. First, the spirit of the shrine must be removed and placed in a flask before initiating the renovation. Once the shrine is considered “dead,” the craftsmen start dismantling the structure. The foundation is then worshipped through an offer of jewels. Lastly, upon completing the construction, a ceremony is held to reinstall the spirit.43

The Wam Bahal courtyard belongs to the Shakya and Vajracharya clans living around the courtyard. From birth to death, clan members take turns every 15 days to conduct daily rituals in this courtyard. The most important of these rituals is Chudakarma, which formally makes young boys members of the

---

42 Neils Gutschow, 1997.
44 Shakya are families traditionally linked to the carpentry profession.
community. As an example of the patriarchal family structure, women from the community are not allowed to enter the sanctuary. However, the local women’s group has started to celebrate Buddha puja on the first day of Nepali month in the courtyard. Other annual rituals practiced at Wam Bahal include Guthi puja during the second week of Poush in December, the Mataya festival of lights in August, Baha puja and Dipankar puja.

While Shakyas and Varjracharyas were traditionally priests and tailors, their professions have diversified. Today you will hear the sounds of metal work in the courtyard, with those engaged mostly specialized in silver bowls and metal statues. One of the families that used to sew dresses for the royal family is now engaged in the profession of teaching, with the son (Mr. Rajiv Vajracharya) currently a lecturer of mathematics.

**MUSA GANESH TEMPLE (WALKHU GANESH)**

Musa Ganesh Temple is one of the many Ganesh temples to be found in Patan’s intersections. According to the inscription, the temple was constructed by Keshav Raj Joshi during the Malla era in 1685 AD. As such, typical Malla architecture can be viewed with a 3-tiered roof made of brick and wood. Outside the temple there is a statue of a big mouse, which is regarded as the carrier of Ganesh. As the temple is named after this mouse, people come to worship this Ganesh when they have problem with mice damaging their property. Inside the temple, there are icons of five different gods and goddesses lined up, the second of which is Ganesh.

This temple is dedicated to the main god of the Joshi community (a Newari caste traditionally working as astrologers) in the Walkhu area. Apart from the daily worshipping at the temple by people living in the area, the Joshi community conducts pujas on Magh Shukla Purnima, or the full moon day in January as well as on Shrawan Shukla Pratipada in August-September.

Just a few blocks down the road heading southeast, you will come across is Bakhum Bahal, where respected scholar and a living legend of Nepalese culture Mr. Satya Mohan Joshi lives.

**DATATRAYA TEMPLE AND THE PURI COMMUNITY**

As you take right from Musa Ganesh, try to find a two-tiered temple behind bars and metal sheets. The holy Datatraya Temple of Patan lies somewhat hidden inside one of the rest houses on the left, which is currently being used as a cafe. The main access to his holy courtyard is from the private Puri residence near the Musa Ganesh temple.

Datatraya is the only temple in Patan built during the Malla era along with one in Bhaktapur. The god represents the three great Hindu gods Bhramha, Bishnu and Maheshwora. Disfigured lions in front of the temple stairs were damaged during the 1934 earthquake. As the temple is private property of the Puri community, there has reportedly been less interest by the government in terms of its maintenance as a cultural heritage property. In addition to these annual rituals, Rajopadhya from Patan is assigned as the pujari to conduct daily rituals in the Math and temple.

By caste, Puri are yogi, or saints and Hindu by religion. Originally a saint community from Karnataka, India, they started coming to Nepal during the reign of King Pratap Malla to observe Maha Shivaratri. Patan’s Puri community settled on the left side of the Palace during the time of King Siddhi Narshimha Malla, who organized feeding ceremonies for the saints in the country in 1631 AD. The Puris then constructed Datatraya Temple, in honor of main god of the Puri community, as well as a Shringeni Math.

---

45 Resource: Daibagya Jyodev Prasad Joshi.
46 Resource: Satya Mohan Joshi.
Puris are traditionally celibates, but eleventh generation saint Binod Puri broke this tradition and married Parbati. Upon her husband’s demise, she constructed Binod Bisheswora Math (or Shringeni Math) in 1742 AD in the house courtyard over his burial place to pay for his sins. She also established a guthi social organization to conduct puja on Ashwin Shukla Purnima to commemorate his death. Although the guthi has dissolved, the Puri families still conduct daily and annual rituals.

While here, take an opportunity to find the house of Mr. Arka Prasad Puri at the corner. This house is an example of a well-preserved private heritage, observing major puja and open to the public on major functions held during Maha Shivaratri in February, Krishna Jatra in August or September and Ashwin Shukla Purnima full moon in October.

**STONE ICONS (B31)**

There is a depressed stone icon of Goddess Kumari and a Man’s face along with the wall of the café facing Patan Durbar Square. The goddess Kumari is worshiped here every day by the locals. The man’s face is said to have been a remnant of the 1934 earthquake, brought here from elsewhere. Traditionally, a statue of the donor who contributed or built the monument is placed in front of the structure.

As you pass the small stone icons, the street will give way to a large public open space with temples, water conduits, rest house, traditional buildings, rows of restaurants, and vendor shops. This will lead you to your destination, Patan Durbar Square.